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LOCAL AUTHORITY POLICIES, INDUSTRIAL RESTRUCTURING AND THE UNEMPLOYMENT  
CRISIS: AN EVALUATION OF THE FORMATION AND IMPACTS OF LOCAL ECONOMIC  
INITIATIVES IN CLEVELAND 1963 - 1982

David Etherington

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Master of Arts Thesis Submission, Department of Geography, University of  
Durham, January 1983



## ABSTRACT

### LOCAL AUTHORITY POLICIES; INDUSTRIAL RESTRUCTURING AND THE UNEMPLOYMENT CRISIS: AN EVALUATION OF THE FORMATION AND IMPACTS OF LOCAL ECONOMIC INITIATIVES IN CLEVELAND 1963 - 1982

Master of Arts Submission; Department of Geography, University of Durham

There is a conspicuous absence in the literature on local authority economic policies of any wide searching analysis of local Government as an institution of the state and component of the overall State structure. This research on economic policy development in Cleveland has arisen from the need to undertake a more indepth critical approach to understanding the mechanisms of local economic policy formation in relation to State intervention in the economy. The major objectives of this research are:

(1) Analyse and evaluate State economic policy initiatives in the Teesside and Cleveland economy with particular emphasis upon the development of local government policies;

(2) From the above analysis, identify central constraints upon the formation and implementation of policies and consider the underlying reasons for there being a gap between policy objectives and outcomes as well as the existence of conflicts and tensions which arise in the course of policy development.

The Study concentrates upon two major components of local government economic policy: industrial land allocation (in relation to steel and chemicals), industrial estate provision and urban renewal in Middlesbrough - the latter two policies forming a central plank in achieving objectives for diversifying the local economy.

After discussing the emergence of consensus policies about perceived problems and solutions the Thesis concentrates upon the impacts of these policies. These impacts can be identified in the restructuring operations of ICI and BSC which have been facilitated by local authority infrastructural provision, land management policies and Regional Development Grant expenditures. The Thesis argues that with the failure to attract new service and other types of 'growth' industry to compensate for job losses in the base manufacturing industry the local economy is undergoing a severe structural crisis giving rise to unemployment rates the highest in mainland Britain. The current situation owes much to the forces of international competition and changes in the international division of labour in petro-chemical production, the mobility of capital and general responses to the crisis in profitability (in the case of BSC, crisis in financial structure). This crisis has sharpened the conflict of interests over policy objectives - between the environmental lobby, interests representing 'capital intensive' industries, community groups, small businesses, central Government etc. The Thesis concludes by analysing how these developments raise critical questions about whether there is still a consensus around policy objectives and about the possibilities of local and central State economic planning.

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## PREFACE

This study arises from personal experience in the field of employment policy making in a local authority. Since the mid 1970s a wide-ranging debate has emerged about the possibilities of local authority action in the field of economic development. It arose primarily from the fact that major urban economies were undergoing dramatic structural changes giving rise to high unemployment rates, declining job opportunities and increasing impoverishment of sections of the population. Policy responses have been in the area of tackling the symptoms of decline rather than the cause. Thus the string of area-based initiatives originating from the Urban Programme (in 1968) culminated in 1978 with the Inner Urban Areas Act which, as well as providing the framework for inner areas policy making for local authorities, also outlined the scope and parameters in which local authorities could overtly intervene in local economies.

The whole debate about local economic policy making has suffered from a number of problems which can briefly be outlined as follows:

- (i) That at the time local authorities were seen as playing a positive role in economic development, cut backs were being made in the base resource allocation;
- (ii) Analysis of local economic problems has tended to be bound up with spatial definition of such problems - exemplified in the analysis put forward in the various Inner Area Studies



- (iii) There has been a general failure for local authorities to recognise the international character of production and exchange when attempting to attract industry, and its consequences for future investment and employment opportunities
- (iv) A conspicuous absence in the literature on local authority economic policies is any thorough analysis of local government as an agent of the State and a component of the overall State structure. Local employment planning has raised useful questions and issues about central/local relations - for example conflicts over central Government economic policies versus local economic priorities. This debate has, however, been limited to viewing central and local Government as bodies with an autonomy and neutrality which does not accord with day-to-day reality.

During the past couple of years both local and central Government have been concerned with policy evaluation and looking into the impact of local economic policies. The framework and methodology of many evaluations contains the sorts of pitfalls outlined above. This research has arisen from the need to undertake a more in-depth and critical approach to understanding the mechanisms of local authority economic policy formation.

The methodological issues raised in the field of policy evaluation are indeed complex and it was for this reason it was considered that a separate Chapter was required to elaborate upon the nature and role of the capitalist State as seen from a materialist perspective.

It is argued that the way one views the State and how its diverse and differing institutions operate in relation to the economy is crucial for any attempt at evaluating policies both in quantitative and qualitative fashion. Although there are a number of approaches and perspectives on the State this study adopts a materialist one because it overcomes many of the weaknesses which seem to be apparent in orthodox economic theory (ie micro economics: welfare economics). The main weaknesses of welfare economics seem to be that the State is often analysed in a way that is irrelevant or marginal to economic theory and that a separate autonomous theory needs to be constructed to explain State activity. Even this theory often treats the State as a subject comparable to a firm or household, or as a set of neutral policy instruments applicable to various economic goals, or as the private property of rational, maximising, self interested political actors. As Jessop (1977: p 370) observes in an important essay on this subject, orthodox theories illuminate certain aspects of the State but only in a superficial way and lack any theoretical means to explore the deeper connections between the state and economic development. Not only do in-depth theoretical debates draw out the apparent weakness of orthodox approaches, but so, too, do detailed studies of concrete policy. This study, by examining certain policies at the levels of formulation and implementation, hopefully contributes to an understanding of the role and actions of State intervention.

The motivation behind this study also stems from the current economic and political crisis which is raising urgent questions for local government policy makers. The choice of Teesside as a case study was made because of the role of local Government and other state agencies play in economic development, itself a reflection of the almost unique character of the local economy. The area does not typify the economies of major conurbations in the UK in terms of depressed rates of investment, de-industrialisation and so on. Instead, Teesside has been characterised by industries renowned for their national and international economic importance and achievement in technological innovations. Although there are aspects which make Teesside stand out from other areas, some of the underlying processes and dynamics of change are common to other major industrial areas in Western Europe. The research has involved an analysis of various policy instruments used by local authorities. Their apparent failure is highlighted in the study - future employment prospects for the Teesside economy are indeed bleak. It has been beyond the scope of the thesis to suggest alternative policies but the need for radical change is nevertheless a major underlying theme.

## CHAPTER 1

### AN INTRODUCTION AND BACKGROUND TO STATE INTERVENTION IN TEESSIDE<sup>1</sup>

#### 1.1 Introduction

Since 1979 a number of policy documents have been published by Cleveland County Council expressing concern about the decline in the local economy and growth of unemployment in the County. There are two explanations given for these changes; the first is the susceptibility of major industrial concerns to cyclical fluctuations in the economy, exacerbated by the effects of the recession, while the second factor relates to what are described as "long term local issues" such as the effects of high levels of investment in new technology in so-called 'capital intensive' industries. This second aspect is summarised as follows:

"These unemployment problems which have been felt for a long period in Hartlepool, have their roots in the high levels of capital investment in Cleveland's base manufacturing industries. This essential modernisation and re-structuring has led to massive job losses over the years without the compensations of sufficient alternative employment opportunities in light manufacturing and the service sector...It must be emphasised that the problems of the County are not those believed to typify a depressed area such as low productivity, lack of competitiveness, poor industrial relations or low levels of industrial investment. On all accounts Cleveland's industry has set high standards recognised world wide. It is a centre of economic growth of significant importance to the whole of the national economy."

(Cleveland County Council, 1980, p 1)

Whether Cleveland's industrial international reputation is what the County Council claims it to be is perhaps open to debate, but there are characteristics of industrial change in the area which contrast with the

1 The text refers to both Cleveland and Teesside. Teesside comprises the major industrial conurbation within the County of Cleveland. See Map in Appendix 1.

rest of the Northern Region. The level of investment in chemicals, oil and metal manufacture - industries which dominate the local economy - has been above the national average, a significant component comprising State expenditures: the largest proportion of Regional Development Grants allocated to the Northern Region went to Cleveland throughout the 1970s. In the period from the mid-1960s to mid-1970s, marked increases in labour productivity were recorded in chemicals, construction and metal industries. At the same time, employment declined sharply in these industries towards the late 1970s. (Cleveland County Council 1980, 1981)

The above described trends raise a fundamental question about the role and effectiveness of State intervention. The primary focus of attention in this study will be on the nature and role of local economic policy formation, with particular reference to the Steel and Chemicals industries, and on urban renewal. By way of providing an introduction and context this chapter will look at the historical development of policies in the area, followed by an analysis of some of the wider features of State intervention in the post-war economy which have had particular consequences for the development of the Steel and Chemical industries. The chapter will conclude by outlining the framework and structure of the study.

## 1.2 A historical overview of policy initiatives in Teesside

Since the latter part of the 19th Century Teesside has been a focal point of growth in iron and steel, heavy engineering and, from the



inter-war period, chemicals, in the Northern Region. Traditional explanations of Teesside's economic problems have focussed on its over dependence upon these industries. As these industries have been geared to exports and overseas markets, they have been susceptible to changing patterns of world trade and increasing international competition (see North, 1975; Chapter 5). Although the development of ICI after its formation in 1926 was undoubtedly a boost for employment and investment growth in the area, it did not alleviate the overall effects of rationalisation in employment in the base industries. In the early 1930s about a third of the insured labour force was connected with iron and steel production, heavy engineering and shipbuilding, and if the chemicals industry is included, then 'heavy industry' provided employment for nearly half of the working population.

State initiatives in Teesside cannot be isolated from prescribed solutions for the North East region. The Region as a whole suffered the effects of rationalisation in 'traditional' industries such as coal mining, ship building etc. which not only produced unemployment on a mass scale but also considerable hostility from the trade union movement (Carney and Hudson, 1978; p 5). After 1926 Labour Transference Schemes were promoted as a means of moving unemployed people to areas where there was work in the more prosperous regions such as the South East, and the agricultural land settlement scheme was established. The former policy not only failed in its objective but facilitated in creaming off the skilled labour from the region and reducing the supply of such labour available when expansion in production was to take place (as it did prior to the Second World War - Carney and Hudson, 1978, p 6).

Between 1934-37 central Government established a number of new initiatives in response to pressures from various interest groups

representing both the labour movement and industrialists. The basic problem was seen as an over dependency upon a narrow range of industries and a marked lack of growth in the consumption goods industries which were the main source of growth in employment and investment in manufacturing in the South East. The Commissioner for the Special Areas in England and Wales consolidated policies under the Special Areas Act which enabled financial assistance towards infrastructural schemes such as harbours and road communications to be implemented. In 1936, the Special Areas Reconstruction Association was formed which had powers to make loans to new firms and in 1937 the Special Areas Amendment Act gave the Treasury powers to make loans to industrial firms and to pay for a limited period all or part of the rent, rates or income tax of firms setting up in the area (North, *ibid*, p 74).

In parallel with the formation of the above regional development policies, new institutional arrangements were made as a means of providing a mechanism for their implementation. They also provided a forum for promoting the interests of the region and mobilising support for a more radical comprehensive regional planning strategy.

In 1935 the North East Regional Development Board (NEDB) was established which incorporated a variety of sub-regional development boards, local authorities, industrial associations and trade union bodies. Carney and Hudson (1974, 1978) argue that through the development boards an alliance of interests was formed around consensus politics about the nature of under-development in the North East and the necessary solutions to such problems. The policies adopted which were contained in the Minutes of Evidence to the Royal Commission on the Geographical Distribution of the Industrial Population (1939) comprised three main elements:

- 1) Publicity campaigns and promotion of the area in terms of facilities for industrial expansion;
- 2) Support of expansion of existing industries;
- 3) Attraction of new labour intensive industries to the region.

Represented on the NEDB was the Tees District Development Board which was formed in 1931. This Board throughout the 1930s was not only influential in the NEDB's thinking but placed special emphasis upon the role of infrastructural modernisation and development of Trading Estates. In a letter to the 'Times' the then Secretary of the Board argued that Trading Estates and Advance Factories could play a key role in attracting industry to the area:

"The trading estates have proved successful in many ways. It has shown how industry can be carried on in healthy, pleasing surroundings, enabling town planning to proceed on 'garden city' lines, and I consider that this is the way in which light industrial development will continue. The need for these trading estates in the older areas is, in my opinion, definitely proven. To establish them would provide employment and bring into existence useful assets."

(Cited in North, 1975: p 76).

In the post-war period the North East region experienced a period of relative prosperity and full employment until the late 1950s when an economic recession created similar responses as occurred in the 1930s; ie. labour shedding as demand contracted, and in some cases capacity cuts in coal and shipbuilding were implemented (Hudson, 1980; pp8-9)

In 1963 a White Paper on the North East was published (Cmnd 2206 commonly known as the Hailsham Report) formulating a regional planning strategy which was geared to massive outlays of public investment in

urban development, infrastructure, industrial estates, roads etc. The purpose of this strategy was to modernise the environment and stimulate overall employment diversification in the region. The implication of this package of policies for Teesside was that the area was designated as part of a larger 'growth zone' extending from Tyneside in the North to the Tees in the South with the A1 route forming the western boundary. One important aspect of the White Paper was the establishment of comprehensive urban planning for the Teesside area which would provide the guidelines for the implementation of modernisation policies. For Teesside this included the renewal of Middlesbrough town centre, the reclamation of derelict industrial land, (plus the opening up of the Teesmouth area to capital intensive industries), the construction of industrial estates and the creation of a new road system to improve access to industrial and residential areas. (See Chapter 4 for a detailed account of urban and regional planning strategies for Teesside.)

An important feature of the planning strategy as incorporated in the Teesside Survey and Plan in 1965 was the sensitivity of policies to the needs of the Chemicals and Steel concerns. Employment projections took account of the fact that these industries would, in the future, base their strategies upon labour shedding. The strategic importance of Teesside for the national economy was re-affirmed in the regional policy document produced by the Northern Economic Planning Council (N.E.P.C., 1965). Teesside would be the focal point of investment in new technology in the steel and chemical industries with much of the finance for this investment being supplied by central Government, and the port was to be somewhat upgraded, making Teesside into one of Britain's major ports and industrial complexes. Policies for the region did not differ fundamentally from those evolved in the 1930s. The main difference was

the increasing role of the State in terms of responsibility for promoting economic development. These responsibilities were not only confined to infrastuctural and social investment but also to industrial regeneration.

### 1.3 Capitalist production, economic development and the State

In historical materialist approaches (see 1.6 for a fuller definition) capitalism as a mode of production is characterised (inter-alia) by;

- (a) the production of commodities for exchange on the market,
- (b) a capitalist class which owns the means of production,
- (c) the existence of competition for a share of the market.

The purpose of production is for private profit and the capitalists appropriate the surplus generated in production. They begin with a sum of money (M) with which they purchase the means of production and labour power to be put to work to produce commodities in the expectation that when they are sold they will realise a sum of money (M') which exceeds the total cost of commodities originally purchased. This surplus (M'-M) can be consumed by the capitalist or re-invested to buy more means of production and labour power in the quest for increasing profits. The accumulation of capital arises because it is in the self interest of capitalists to expand profits and because the existence of competition means that capitalists who do not invest and increase efficiency of production will lose out in their share of the market to those who do. Competition therefore influences the actions of individual units of capital and thus influences the overall character of accumulation or

economic development.

The capital advanced during a production period may be divided into constant and variable capital. Variable capital is the sum of exchange values of the commodities that enter into the reproduction of labour power. It is the exchange value equivalent of the wage bill. Constant capital is the sum expended on circulating and fixed capital. The former comprises raw materials and the latter buildings, plant and machinery.

It is important to note that, when discussing the movement of capital in general and the general rate of profit, the analysis is in terms of value, but when focussing on the action of individual capitals and rates of profits, the discussion relates to profits as rates expressed in prices (Mandel 1975: Chapter 3). There are a number of ways in which the rate of profit can be influenced: a change in the price of goods entering the reproduction of labour power (i.e. consumption goods), changes in the price of fixed and circulating capital and in the rate at which the surplus value is produced through changes in the labour process - methods of production, intensity of work, length of working day.

Uneven development within the capitalist economy arises due to the uneven growth of individual units of capital - i.e. differentiation in the rate and mass of profits produced as a result of changes in the overall relations of production as outlined above. Increases in the prices of all the elements which go into the production process (or some of them) can depress the rate of profit and reduce the rate of accumulation. There are three inter-related ways in which a crisis occur.

- 1) Overproduction may arise relative to effective demand, i.e. a point in time is reached when the commodities produced are unsaleable. The response will be to cut back production, which will affect other branches/departments of the economy;
- 2) Accumulation will reach a point when the demand for labour will outstrip supply. The bargaining strength of labour may increase and thus push up the price of labour power. The rate of accumulation will slow down as profit levels are eroded and when the rate of growth in wages exceeds productivity;
- 3) As competition for markets increases, individual capitals will adopt more efficient methods of production in order to reduce overall production costs. This can involve the introduction of more technologically advanced labour-saving means of production and thus increasing the proportion of means of production to labour. As it is labour power which produces the 'social surplus' (and thus profit), a diminishing quantity of labour in production can mean a possible overall decrease in the mass of surplus produced.

There are counteracting influences to these crisis tendencies such as a cheapening in the elements which comprise the reproduction of labour (increasing productivity in consumption goods industries), a reduction in the price of constant capital - both fixed and circulating - through the same process in means of production industries, or a decrease in the labour time involved in production needed to reproduce the wage. Counteracting influences as such are inextricably tied up with the capital accumulation process, but nevertheless underlying trends towards crisis and instability exist, and at certain historical moments will predominate.

The dominant relation in society is the capital-wage labour relation. The State has an essential role in maintaining this relationship and securing the pre-conditions for sustained accumulation. The laws of motion of capitalist development generate certain requirements for State action although at the same time barriers will be created limiting the ability of the state to pursue policies that are in harmony with the interests of capital in general (or sections of capital). The capitalist State reflects the nature of such a society - those who control the means of production also have a decisive influence over the directions and forms of state intervention. In this context the state regulates capitalism on behalf of the capitalist class. Changing conditions of capital accumulation (i.e. profitability for those who own the means of production) - reflect also changes in the nature of class struggle and politics. Consequently the changing nature of State intervention will mirror overall changes occurring in society.

Post-war accumulation in advanced capitalist countries involved the following characteristics:

- (1) Concentration and centralisation becoming a more predominant feature of economic change: profitable production increasingly involved economies of scale and a higher rate of investment in fixed constant capital than in labour. This aspect of accumulation is referred to as the concentration of capital because it means that capital is concentrated in fewer hands. Centralisation is related but rather than creating new capital, existing capitals merge together to benefit from scale economies and increased financial resources for further profitable investment (see Prais, 1976 and Jacquemin and de Jong, 1977);



(2) Surplus profits and 'technological rents' (Mandel, 1975: Chapter 3):

the pursuit of surplus profits and technological rents is inextricably bound up with the concentration and centralisation of capital. The quest for surplus profits manifests itself in the sphere of competition, where many different capitals are competing with each other for the total social surplus, and arises from barriers of entry for capital due to monopolisation of production and the use of technological innovations (Marx 1969:p 644).

(3) Post-war internationalisation of production, concentration and centralisation has been associated with the growth of multi-national companies. Multi-nationals are enterprises which own and control assets in more than one nation. As capital accumulation transcends national boundaries, then the search for reduced costs and increasing profitability will be made world wide. The progressive development of the productive forces implies that national boundaries and economies are an inadequate basis for continued profitable accumulation. The large volume of capital needed and the amount of output required to minimise costs of production necessitates a world market to be safeguarded, and expanded and a world division of labour to seek out specific locations advantageous to specific phases of the production process (Campbell, 1981, p 150, Mandel, 1975 Chapters 2, 3 and 10; Labour Party, 1977).

(4) Increasing role of the State in the economy involving the creation of the welfare state: general infrastructural provision, nationalisation and direct aid to industry.

#### 1.4 The UK economy and the post war British State

The post-war boom involved an overall expansion in most industries

and sectors of the economy until the late 1950s. However, expansion in output and employment tended to overshadow some of the inherent structural problems and weaknesses of Britain's manufacturing industry. A number of studies (Jessop; 1981, Hobsbawm, 1969; Gough, 1981; Glyn and Sutcliffe, 1972; Glyn and Harrison, 1980) argue that the relatively slow growth of accumulation in the UK compared with other advanced capitalist countries can be attributed to an inter-play of the following: (a) highly organised labour movement which held a strong wage bargaining position; (b) slow rate of introduction of new production processes and technological innovations; (c) slower than average increases in rates of productivity; (d) reliance upon traditional overseas markets and 'invisible' earnings rather than concentrating upon increasing efficiency in the realm of production. Indicators of these structural weaknesses are shown in Table 1.

State intervention in the post-war period according to Gough (1981: p 122) and Jessop (1981) only served to reinforce problems of the growth and development. In the immediate post-war period economic intervention was limited to 'demand management' (expansion of the welfare state), control and regulation of exchange and interest rates and nationalisation of industries involved with infrastructure provision. In other words, problems of production were left untouched. As public expenditure growth was at a faster rate than accumulation, this tended to create inflationary pressures and fiscal problems due to the limited scope for further financing of state expenditures (Yaffe, 1973).

The recession in 1958 required a fundamental shift in state intervention in order to stem the decline in profitability and strengthen the competitive position of British industry. In the early

1960s there was a move towards industrial rationalisation and economic planning via the formation of National Plans and thus a more active interventionist structural policy. This entailed restructuring of the State itself to create or modify institutions which could implement such a policy. In the mid to late 1960s the Industrial Reorganisation Corporation and the National Plan were established with specific tasks of encouraging modernisation of production in identified growth industries. This included intervention to rescue 'lame ducks' which were of fundamental importance to national/international accumulation. Associated and intergrated with economic planning were efforts to deal with issues of industrial location and counteract uneven development by incorporating spatial policies with economic development policies; to accounting for the large proportion of state regional expenditures being allocated to certain key industries (Dunford et al, 1980).

### 1.5 The Development of the Steel and Chemical Industries

Considerable changes were to take place in the UK's steel and chemicals industries in the period after 1945. The motive force behind these changes was the imperative for increasing the rate of accumulation by reducing the price of circulating constant capital (i.e. raw materials). In Britain this was one of the few options open for increasing the general rate of profit in manufacturing industry due to the difficulties in holding down the price of labour. Another factor was the restructuring of the world market and the possibilities of technological innovation outweighing the advantages of cheap labour in the production and extraction of raw materials. In addition political and social instability associated with the de-colonisation process after the Korean War made it more of an imperative to transfer production from colonial to metropolitan countries. Finally, the post-war boom and the

increasing demand for both capital and consumer goods guaranteed an expanding market for raw material producers (Mandel, 1975).

These dynamics had differing impacts on the Steel and Chemicals industries. The Steel industry mirrored more or less overall developments in UK manufacturing industry. It was characterised by a proliferation of small and medium sized firms operating with outdated equipment (McEachern, 1979). There was resistance to State intervention in production (i.e. nationalisation) by the Steel producers, and in the early 1950s they aggressively pursued their own National Development Plan for the industry. The central philosophy of the plan was to "insulate producers from the full effects of their inefficiency as they guaranteed all producers a share of the markets and the industry's profits." (McEachern, 1979: p 130)

Expansion in demand and output led to increased profits, but structural problems pervaded the industry and were quick to surface during the recession in 1958. There were two main elements to these problems; first, the fragmented and uncoordinated nature of production led to a tendency towards excess finished steel capacity when there was a drop in demand. Secondly, specialisation was continued in certain geographical areas and did not guarantee that production would meet a corresponding demand for different types and quantities of steel (Heal, 1974).

The performance of the Chemicals industry (especially organics and inorganics) contrasted sharply with Steel. The industry was not immune to international competition which was a major reason for high rates of investment in technological innovations. Table 2 compares the performance of the Chemicals sector in Western Europe with the rest of

manufacturing industry in terms of output, employment and productivity. There were strong increases in all these components which partly reflects the increasing concentration of fixed capital investments and advances made in the exploitation of new technology (Hudson, 1981a). There was also the impetus to introduce innovations in the production of intermediate commodities such as ammonia (fertilisers), methane (perspex and plastics) and methanol (household products) (Allen, 1970).

Two complementary trends occurred in the structure of the industry: internationalisation and monopolisation of production. Internationalisation was an outcome of firms seeking profitable locations and markets world wide. ICI, Hoescht and Monsanto for example had major operations established in Western Europe and in the USA by the early 1960s. Monopolisation arose as a result of individual company's ability to take advantage of technological rents and their capacity to implement vast fixed capital investment programmes which few other companies were capable of achieving. ICI, for example, had attained the position by the mid 1960's as Britain's virtual sole producer of polyester (Shaw, 1981: p 211). State involvement in the Chemicals industry was restricted mainly to subsidies to Research and Development, although patent rights, tariffs and licensing agreements tended to reinforce barriers to entry in the industry.

The second phase in the development of the UK economy during the post war period following the 1958 recession was characterised by sharper and significantly deeper fluctuations in the industrial cycle which dramatically changed the structure of the steel industry whilst accelerating existing trends occurring in chemicals.

The 1958 recession brought about a fall in profitability in the Steel industry - trading profits after depreciation in the fourteen companies which were to be nationalised declined from £104 million in 1960 to £23 million in 1967 (Heal, 1974: p 107). The response to the profits squeeze was a centralisation of production through mergers and cut backs in employment (Table 3 shows employment change in Metal Manufacture, which broadly represents the Steel industry). The introduction of the Basic Oxygen Process in steel making reflected attempts to utilize technological innovations on an increasing scale. By the early 1960s most firms in the industry were using this process (Table 3). Another change induced by pressure from international competition was the move towards intergrated steel works concentrated in coastal areas. Intergrated production complexes had advantages in economies of scale and access to port facilities for imported cheaper foreign ore. This latter factor involved substantial savings in transport costs. The Port Talbot Works in South Wales, one of Britain's first modern intergrated works, exemplified the advantages of this aspect of restructuring in the industry in its achievements in higher than average rates of productivity and lower unit production costs (Heal, 1974).

All these changes were, however, occurring too slow to restore the industry on a profitable and competitive footing. The return of the Labour Government in 1964 presented favourable political conditions for the formulation of nationalisation plans for the industry. This was because there was a commitment by the Wilson Government to induce greater competitiveness in the manufacturing sector through the promotion of technological investment and National Economic Planning (Jessop, 1981: pp 38 - 47). Nationalisation and the formation of the British Steel Corporation made it possible to rationalise and

restructure the industry on a comprehensive scale.

In the 1960s, international competition and fluctuations in demand for chemical products led to further moves towards concentration of production, acceleration in the introduction of technical innovations and the consolidation of planned production on an international scale (Allen, 1970: p 23). Hudson (1981a) argues that these developments in the petro-chemicals industry led to larger scale production complexes and investment in increased capacity as a means of reducing overall unit costs of production. In this period the role of the State in support of restructuring in the Chemicals industry became more significant. Infrastructural investment facilitated the location and development of petro-chemical complexes. In the early 1970s state aid was of a direct nature through the writing-off of fixed capital investment by allocating subsidies under the 1972 Industry Act. Internationalisation of production meant that profitable conditions were provided by different national states and the relative advantage of different state policies to petro-chemical branches became more important when competitive pressures intensified during the late 1970s (Hudson 1981a).

There are distinct parallels in the development of steel and chemicals especially during the 1960s. Both industries were seen as important for national growth prospects and were thus a priority in any national industrial strategy. Both sought economies of scale in order to decrease unit costs of production and, in the period following the late 1950s, were subject to considerable technical innovations. Production has increasingly become concentrated in larger integrated complexes comprising inter-linked production processes. State intervention supported these developments by providing the locational

requirements of production (land, roads etc) and subsidising fixed capital investment. The pattern of industrial change in Cleveland can therefore be understood in terms of these key factors underlying restructuring in both industries.

### 1.6 Issues for policy research

The purpose of this introductory analysis of policy initiatives in Teesside and the development of the post-war economy and steel and chemicals industries has been to:

- (1) Provide a background and context for understanding contemporary developments in the Teesside economy.
- (2) Clarify and identify some of the major processes and problematics relating to policy formation.

As outlined above, the central feature of the state strategy in respect of Teesside has been to provide active support for industrial rationalisation in steel and chemicals and in parallel create a more diversified economic base. This strategy has led to the emergence of a number of conflicts in terms of policy priorities, principally the tension between supporting the bias towards 'capital intensive' industries and the creation of a balanced employment structure.

With the awareness within local government that the implementation of these policies was going to have a considerable effect upon social and economic life in Teesside, it was recommended by local government officers and politicians that an evaluation of the social consequences of policies should be made. The North East Area Study of Durham



University was commissioned to undertake such a study, and the results were published in 1975. The conclusions and recommendations were particularly controversial. The main thrust of the arguments made in the Report were that the formulation of policies in Teesside and the North East were based upon a consensus about the nature of the problem and required solutions but reflected pressures on central and local Government exerted by powerful interest groups to guarantee vast amounts of public expenditure in order to continue their operations. These interest groups in this period included the road lobby (influencing the road and town centre programmes), the property lobby (affecting central area renewal) and the lobby from chemical industries (for guaranteeing supplies of industrial land and infrastructure). The overall impact of these policies diverged considerably from the goals as set down in the Structure Plan about creating balanced employment opportunities and redistribution of welfare provision. The Study outlines the inherent barriers which make policies geared to social reform difficult to implement:

"(i) As we have pointed out, past policies, especially in the form of a statutory document, form a considerable barrier to change. Many interests within local authorities have a stake in perpetuating grossly obsolete policies.

(ii) The politics of modernisation has served the most powerful and articulate interests in Teesside. The politics of social reform would serve the least articulate and moreover would often come into conflict with powerful interests (over pollution information disclosure for instance).

(iii) If only one local authority pursues the politics of social reform then capital will simply shift elsewhere. As long as relatively disadvantaged local authorities continue to be divided the pursuit of the politics of social reform will be extremely restricted."(N.E.A.S. 1975: p 335)

In 1979, a Monitoring Report was published by the County Council which, although using a different approach to policy evaluation, expressed similar disquiet about the intentions and impacts existing policies. For example:

"The structure plans aim to diversify the County's economic base by attracting light manufacturing industry and service jobs whilst at the same time they encourage the growth of capital intensive industry by zoning 2,000 acres of land for further growth. Are these two things incompatible, or can they both realistically be pursued side by side? If they are not realistically compatible (and merely including them both in the same document does not make them so) then upon what should we concentrate?" (Cleveland County Council 1979: p 27)

### 1.7 Objectives and method of study

This brief introduction to the Teesside economy and history of policies pursued by the State raises a number of issues and questions which will provide the focus of this study:

- (i) What are the processes which give rise to the conflicts in policies and interests identified above?
- (ii) How are these conflicts and tensions resolved by these policy initiatives and what limitations are imposed on such resolutions?
- (iii) Despite a long tradition in formulating similar policies for diversifying the economic base and tackling unemployment problems, and the fact that the original expectations of these policies have apparently not been realised why is the same pattern of initiatives still being pursued?
- (iv) Following from this, why has there been a consistent gap between intentions and outcome?

These four questions, which are fundamentally inter-related, provide the themes of this research the purpose of which is to:

- (1) Analyse and evaluate state economic policy intervention in the Teesside economy with particular emphasis upon the development of local government policies;
- (2) From such an analysis, identify the central constraints upon the formation and implementation of policies.

The study will concentrate upon two major components of local government economic policy: industrial land allocation and the development of Middlesbrough as a sub-regional centre.

#### 1.8 Framework for policy evaluation

In 1.3 an historical materialist approach was suggested as a method of understanding economic and political change and the role of the State in the post-war period. Such an approach can be considered to have a number of merits because:

- (a) It is founded on the specific qualities of capitalism as a mode of production;
- (b) It attributes a central role to class struggle in the process of capital accumulation;
- (c) It establishes the relations between political and economic features of society without reducing one to the other or treating them as totally independent and autonomous;

- (d) It allows for historical and national differences in the forms and functions of the State in capitalist societies;
- (e) It allows for the influence of non capitalist classes and non-class forces in determining the nature of the state and the exercise of state power. (See Jessop, 1977)

A mode of production comprises the forces of production (technical ability and capacity to produce) and relations of production (the way production is organised and the relations between those involved in the production process). Whatever forms the appropriation of the surplus takes in a mode of production, they are associated with different relations of production which are expressed as class relations, relations between groups of people who have a different relationship to the means of production. Some will have access to the surplus whilst others will not. A class is thus a stratum of society grouped in accordance with its relationship to the production process. Under capitalism this relationship is defined by those who own the means of production and those who do not.

The importance and relevance of an historical materialist approach is two fold: first, that it helps to reveal how class relationships are both social and economic and are historically specific to the particular mode of production. Secondly, it explains how social change is heavily influenced by the economic base of society. It is this framework which enables an understanding of different levels of State activity - from the most general features of State intervention in a given period to the precise effects and impacts of particular policy instruments at one moment in time. At the same time the inter-relationship between the two levels of analysis can be discerned. The importance of this approach,

as Jessop (1977) explains, is that the capitalist state takes on a central role in the capital accumulation process.

### 1.9 Structure and focus of the study

As the nature of State intervention and the problematic and contradictory aspect of state policy formation is the central focus of study, then the next chapter (Chapter 2) will be concerned with an analysis of the functions of the capitalist state and the major limitations placed upon state action. Chapter 3 will develop upon the analysis made here on the development of the post war economy and steel and chemicals by looking at the trends in restructuring in the Cleveland economy, and in the operations of ICI and British Steel. This chapter will consider some of the different aspects of state intervention in the local economy. Chapter 4 discusses in some detail the role of regional and urban planning policies since the early 1960s. This will involve a detailed account of the formulation of regional modernisation and consensus policies and how they provided the framework for urban policy planning as undertaken by local authorities in Teesside (and subsequently Cleveland). This is followed by a discussion on the 'local state' and some general changes which took place in local institutions during the 1960s with particular reference to the development of corporate structure planning. (Chapter 5). Chapter 6 concentrates upon the implementation of policies relating to industrial land/infrastructure and town centre redevelopment. Chapter 7 is devoted to a critical evaluation of these policies in light of the general theoretical perspective on the state outlined earlier. This chapter will consider how the impact of policies has created contradictory and conflicting results in the form of a questioning and opposition to traditional policies. This questioning is centred around the inability

of policies to come to terms with a problem of growing unemployment as well as the increasing concern over the environmental hazards created by pollutant industries. Chapter 8 brings the analysis up to date by providing a brief summary of recent trends in the local economy and prospects for the future. This analysis in many ways covers the effects of policy implementation as well as posing questions about the possibility of state action in resolving local economic problems. Chapter 9 concludes with some comments on recent economic policy initiatives made by the County Council. Some of the major constraints and limitations as well as possibilities of local economic initiatives will be analysed. Reference will be made to studies of other port areas in Western Europe, and the fact that the growth and development of Teesside is not a unique phenomenon in the context of international capitalist development during the 1960s and '70s. Certain issues will be raised about the dynamics of State action and some of the general constraints and barriers emerging for policy resolutions.

## CHAPTER 2

### THE STATE IN CAPITALIST SOCIETY: AN HISTORICAL MATERIALIST PERSPECTIVE

#### 2.1 Introduction

In the previous chapter, an account has been given of the increasing role of the UK State in the post-war period. It has been established that in this period the State played a vital role in the development of the economy, and that the necessary pre-conditions for accumulation required increased interventions-illustrated in the analysis of the role of the State in the Steel and Chemicals industries. The case of nationalisation of the Steel industry shows that in the interests of 'capital in general' the State will take over responsibility for production in an industry experiencing declining profitability. The purpose of this chapter is to present a theoretical perspective which will provide insights into the changing nature and role of the capitalist State and the central problematics relating to State policy formation.

#### 2.2 Concept of the State

Offe (1975 pp 126-7), in his discussion on the form and nature of the State, considers there to be four elements to a definition of the capitalist State:

- (a) Capital accumulation takes place only in private accumulating units with the goal of profitability as the main purpose for

production (ie. production for exchange value). In this sense the state and accumulation are divorced from each other.

- (b) The State can mandate or authorise the creation of conditions which will sustain accumulation. Different elements will pose threats to social and economic stability such as international competition or working class struggle which will necessitate State action. Such action will be at different levels at the level of the unit of accumulation (firm), industry and region.
- (c) The "power relationship" of the State will depend upon the conditions of accumulation. The State, in terms of its expenditure responsibilities and obligations, will rely on accumulation for its source of income through taxation from wages and profits. The imperatives for maintaining conditions of stability for accumulation are incorporated into policy formulation, although the pursuance of certain interests, taken in isolation, may have little to do with the overall accumulation process.
- (d) An important aspect of State policy formulation and implementation is the means by which the State can function without projecting its image (despite the often precarious and unstable relationship between the State and the accumulation process) as a capitalist State. In other words, recognising the class character of capitalist society and that State policies will serve ruling class (or sections of it) interests, the problem lies in the ability of the State to convey an image of an organising power that pursues common and



general interests of society as a whole. The State attempts to achieve this through ideology and attain legitimacy "by appealing to symbols and sources of support that conceal its nature which play an important part in the maintenance of State power relationships and overall capitalist social relations" (Offe 1976: p 127; see also Habermas 1976). This is important for understanding the formation of 'consensus politics' in the North East during the 1960s and 1970s.

### 2.3 Functions of the State

Having presented this broad overview of the State, our next task is to understand the functions of the State in relation to accumulation imperatives described in Chapter 1. By way of introduction, we can draw upon one body of theory, the 'capital logic' (CL) school (see Holloway and Piccioto, 1977) which derives the general form and function of the State from the nature of capitalism as a mode of production (see also Jessop, 1977 for a review of this).

The CL school emphasise that the state will intervene in order to counteract tendencies in the falling rate of profit, i.e. fulfil the requirements demanded by accumulation imperatives by directly intervening in the restructuring of capital and reorganising labour processes. The second important aspect of the CL's analysis is the limitations imposed on the State by the very contradictions inherent in the accumulation process itself. In other words, the State is subordinated to the laws of motion of capital, and as much as the State intervenes to defuse crisis tendencies (eg. through Keynesian demand management, or more directly through nationalisation and subsidies to

capital), such interventions will inevitably reproduce contradictions at a heightened and more intense level. This is illustrated by the analysis of the limitations of State expenditure on accumulation as expressed in the form of 'fiscal crisis' (see Yaffe, 1973 and Fine and Harris, 1976).

Hirsch (1977: pp 84-88) analyses three functions of the State as they "result from the laws of the process of social reproduction". Hirsch introduces the concept of historical specificity and the dynamics of class struggle in its influence on State policies. Changes in the form of State intervention will be conditioned and shaped by changes in the progress of capital accumulation.

The first function of the state is the reproduction of labour power. Under this category we can view the economic and political strength of the working class influencing social policy and the creation of the 'Welfare State'. The Welfare State is a concession made because of the importance of social security, national insurance and industrial training in alleviating the worst effects of restructuring and rationalisation whilst at the same time maintaining labour reserves. However, whilst it is in the objective interests of capital to implement welfare policies (also because certain forms of political and ideological domination can be enforced) welfare provision will be eroded, when conditions of profitability are threatened. The formation of social policy in the North East, for example, was partly determined by struggles conducted by the labour movement, but at the same time by the need to maintain or restructure labour reserves.

The guaranteeing of the general conditions of production has become

an increasingly important function of the State in post-war Britain. Under this broad heading we include all elements of state economic policy. The central historical development of the concentration and centralisation of capital and the concomitant transformation in the labour process has meant that the State has undertaken a role of selective support for certain industries/sectors of the economy identified as being important for achieving national economic growth objectives. Through the provisions of credit facilities, subsidies, etc, the State facilitates the process of concentration and centralisation. Furthermore, the actual takeover of certain sectors of the economy through nationalisation enables capital to be invested in areas in which will obtain a quicker turnover, or because these industries, although essential to the development of capital overall, in general are not sufficiently profitable at a particular time to attract private capital. In addition, the increasing importance of technological innovation in the process of accumulation has placed pressure on the State to invest in Research and Development, subsidise industries or sectors which are either developing innovations, or utilising new technology in their production processes (recognising also the inter-relationship between the two). The overall development of the productive forces, and associated accumulation imperatives, has necessitated the State to take on structural and 'global demand management' functions. These appear in the form of incomes policy or more direct involvement in production through sectoral (and regional) policies.

"A central aspect of the conjunctural and structural regulatory activity of the state is to be seen in the fact that it essentially means redistribution of revenue in favour of capitals or individual groups of capitals and thus has no immediate influence on the development of income structures."

(Hirsch, 1977: p 88)

State industrial policies can be viewed as tendencies counter-acting falling profitability. State support to organic and inorganic chemicals industries is due to their importance to national economic growth objectives. In this manner State expenditure is redistributed in favour of certain capitals in the interest of accelerating the general rate of accumulation. As we have noted above, the existence of class conflict, and interest groups (representing other sections of the economy) as well as fiscal constraints imposed upon State expenditure, will together place limitations upon the success of such policies.

The third function of the State is the provision of the general material conditions of production. The increasing significance of State infrastructural policy must be located in the growing socialisation of production, itself an expression of the overall growth in the forces of production. Capital itself will produce the material conditions of production in the form of fixed capital infrastructural projects (eg. land reclamation and assembly), but such schemes are not profitable from the point of view of the valorization of capital and have to be provided by the State: "The capitalist unity of labour process and process of valorization necessarily creates a category of material conditions of production which fall outside the process of surplus value production and exchange between capitals and must be provided from outside the sphere of capital." (Hirsch, 1977: p 67). Such infrastructural investment includes basic services (sewage disposal, water) and the provision of industrial estates, land assembly, redevelopment and restructuring of the built environment. The take-over of energy production by the State also comes into this category. The importance of this aspect of public investment has been emphasised by the nature of monopoly and multinational investment requiring their 'external costs'

to be managed and provided by the State. The necessity of longer term company planning has meant that the guaranteeing of essential infrastructure (which subsidises production costs) over a longer period has become an imperative in late capitalism (Mandel, 1975). This aspect of State functions is important for understanding the development of local Government interventions in the economy.

Offe (1975) develops the above analysis of the State further by relating the changing form and nature of State intervention to the changing character and pattern of accumulation. The historical specificity of State intervention is important because it enables an explanation of State policy in a concrete historical context. The historical dynamics of accumulation throw up contradictions which inevitably create a tension between the formulation of ad hoc policies securing conditions for particular capitals and establishing general conditions harmonious to continued accumulation. Individual units of capital are driven by conditions of competition to enact strategies which will restructure production and cut production costs. The State becomes an area of conflict between different capitals making their own demands in the pursuance of their own interests. This raises a question mark over the ability of the State to establish a cohesive centralised strategy free of conflicts and tensions. The dynamic of class conflict continually imposes constraints upon state activity.

The concept of political and ideological hegemony has been developed in respect of the state playing a 'unifying role' for the bourgeoisie in terms of organising its political and ideological domination (for example, by Gramsci: see Jessop, 1977). Its ability or capability in achieving this will depend upon the forms of organisation of the

institutions of the state. Hegemony relies upon a certain intellectual and moral leadership of the ruling class which is able to gain support of the dominated classes because of:

- (1) the nature of the power bloc which has been established;
- (2) its ability to articulate popular demands and aspirations of the dominated class in accordance with its own immediate long-term class interests. As Jessop comments:

"Bourgeois political domination is also said to be reinforced by free elections and strong parliamentary institutions. For it seems that electoral competition encourages the power bloc to take account of the interests of the dominated class when formulating its policies for capital accumulation." (Jessop, 1977: p 368).

The component of ideology and legitimacy is important in policies for the North East. The question of an historical analysis of the political and ideological relations of capitalist society and how they relate to the State in terms of its structure, functions and legitimacy has been raised by the 'Neo-Gramscian' school (Jessop, 1977: p 367). In this context the State is not simply the tool of the ruling class, it is also an institutional outcome of class struggle and an uneasy compromise of class interests in which some of the aspirations of the dominated class become partially incorporated.

The concepts of politics and ideology are relevant to the discussion here. The notion of class struggle as occurring only between labour and capital represents a simplistic view. Capitalist relations of production exist only in specific variant forms and in combination with other forms of social and private labour (eg. state employees). The state can play an important role in unifying the bourgeoisie and

organising its political and ideological hegemony over the dominated class as competition between different units of capital continually undermines such a cohesive class strategy. Ideological hegemony is established in such a way as to present an analysis and solutions which attract support because they are couched as the only perceived solutions to specific problems. For hegemony to be maintained it would be necessary for the dominant class to secure support from the dominated class for policies by attempting to articulate interests and aspirations of all sections of society. A power bloc is formed comprising a stable alliance of dominated classes or class fractions. Under late capitalism, welfare and social programmes have been formed via the incorporation of popular democratic demands placed upon the State, although at the same time these strategies have played a vital role in establishing favourable conditions for continued capital accumulation.

#### 2.4 The State and capital - contradictions and responses

Whether the State can carry out its functions without generating further problems for accumulation is of central importance to any debate about the State. The intention here is to summarise the salient points raised in recent analyses of the capitalist State (eg. Fine and Harris, 1976, and Jessop, 1977 and in the Journal 'Capital and Class').

- (a) Fiscal crisis: - a number of writers (eg. Yaffe, 1973, O'Connor, 1973) have emphasised that one of the central contradictory aspects of state intervention is derived from the fact that public expenditure is financed from the surplus realised through the exchange of commodities on the market (ie taxation of profits and wages and taxes on commodities) and by budget deficit financing. If

such expenditure promotes an acceleration in the rate of accumulation, all is well, but if it does not stimulate production it will only contribute to fueling inflation. Fiscal crises arise when social and political demands are made on the State to provide conditions of profitable production and/or increase welfare provision which may promote economic and social stability but at the same time present potential barriers to continued accumulation. An example is transfer payments made to the unemployed which although maintaining a level of demand in the economy as well as securing political stability, will not necessarily stimulate further profitable production.

- (b) Tendency for the rate of profit to fall:-(Altvater, 1973, Hirsch, 1976, Fine and Harris, 1976)-this theoretical proposition should not necessarily be construed as a mechanistic model of capital accumulation. From an analysis of the process of accumulation it has been stated that there are tendencies which can lead to pressures upon profitability (over-accumulation, class struggle intensifying) which are inextricably bound up with the social relations of capitalist production. In certain periods these tendencies come to the fore. In the previous chapter some reference was made to counter tendencies. In this context the State can be viewed as an agency which mobilises counter tendencies through intervening in the restructuring of production and assisting in the realisation of commodities on the market (via credit policies). However the State does not simply step in when problems arise for capital because to a certain degree these problems arise as a result of successive rounds of State interventions in a previous period. In this sense the State can never counter tendencies towards crises



in the long term because uneven development, disproportionality and class struggle are part of the make up of the capitalist system.

Capitalist crises act as a steering mechanism on State intervention. The ability of the State to resolve crises depends upon its strategies and ability to implement them. Capitalist crises do not involve any mono-causal influences and are a complex effect of various contradictory factors and affect different classes in contradictory ways. There will be conflicts generated over their interpretation and resolution, and no matter what economic and social strategy is pursued it will come across inherent barriers to continued smooth and balanced accumulation. This is due to the highly fragmented diversity of interests which places pressures upon the State to formulate policy instruments in accordance with their goal of maximising profits. Offe (1975: p 143) argues that as a result of conflicting interests there will be perpetual oscillations between different anti-crisis mechanisms. The State is therefore unable to secure the interests of all capitals at the same time and thus there arise inherent barriers to implementing any crisis management programme. Additionally the State can also implement a series of policies which in the long term can act against each other as their impacts do not achieve their desired effects. An important feature of understanding the functions of the capitalist State and contradictions involved in the implementation of its policies is that the State is not independent of the accumulation process. What happens and occurs within the State reflects political and social struggles arising from strategies for restructuring production and maintaining profitability.

## CHAPTER 3

### INDUSTRIAL RESTRUCTURING AND THE CLEVELAND ECONOMY 1963-77

#### 3.1 Accumulation and geographical uneven development

In Chapter 1 the analysis of capitalist production revealed that the accumulation process gave rise, at the macro level, to tendencies for the rate of profit to fall, to uneven development between sectors and departments of the economy. These conditions structure the operations of individual capitals, which, in the sphere of competition attempt to overcome pressures upon profitability by changing conditions of production as a means of increasing the rate of profit (by reducing costs of production and raising labour productivity). The outcome of these strategies has been increasing concentration and centralisation, involving accelerated use of technological innovation and trends towards scale economies employing larger volumes of fixed capital investments.

Accumulation and accumulation imperatives give rise to an uneven distribution of the conditions necessary for profitable production. Historically, geographical specialisation of production has emerged from the initial stages of capitalist development when industries located or grew in an area due to certain locational conditions such as access to raw materials, markets and supplies of labour power. The relative prosperity of regions and metropolitan areas has been influenced by changes in world market conditions, State policies etc. and the response of industries to these macro economic changes. The North East, for example, contains industries which produce means of production commodities (ship building, coal, steel and engineering). This pattern

of industrial distribution only became a problem due to changes occurring in the UK economy and in the international division of labour. As Massey (1979: p 235) argues, the regional problem as such was produced by the effects of the decline of the UK economy in relation to the international economy on the spatial division of labour within these industries. Sectoral decline has consequently produced regional decline as measured and reflected in unemployment rates, reduction in incomes, social problems etc.

In the later stages of capitalist development, especially since the second World War, it can be argued that regional economies have undergone considerable changes with there being less dependency upon 'traditional industries'. An example of these changes is in the growth of services and the formation of 'new' industries predominantly involved in the assembly line and automated production. This latter development it has been argued is a result of the reorganisation of, and associated changes in technology employed in production, and the changing structure of individual firms. In the post-war period, intensification of international competition has led to increasing pressures to cut costs of production and accumulation imperatives have stimulated the development of multi-national companies (and the internationalisation of production). The outcomes of these tendencies have been;

- (a) increasing size of individual firms,
- (b) the separation and hierarchisation of technical control and management functions,
- (c) division even within production into separately-functioning stages,

(d) standardisation of commodities produced through increased automation,

(e) increased role and importance of Research and Development where there is a reliance upon accelerated technological change (see Perrons, 1981, Massey, 1979 and Massey and Meegan. 1978).

It is as a result of such developments that a new form of spatial division of labour has taken root. Firstly, the above changing conditions of production have meant that in many cases industry has been able to free itself from traditional locational ties. Branch plants involving assembly line production have been located in areas where there are reserves of labour. These tend to be areas traditionally characterised by 'regional problems'. Functions involving control and Research and Development tend to locate in central metropolises where there already exists a specialisation in finance and administrative functions (for example London and the South East).

An additional element of this new form of spatial division of labour is the possible development of massive production complexes. Within the process of concentration and centralisation, internationalisation of production and increased use of technological innovation, the splitting up of production processes can involve inter-linked stages which by virtue of the nature of technology utilised, the scale and capacity of production involved, and through the necessity to minimise transport costs (where such costs are potentially a large part of overall costs of production) it has been necessary to develop production processes in close proximity to each other. Specific locational conditions are thus required such as large areas of flat land, proximity to port facilities

and availability of skilled labour. This specifically applies to certain branches of production such as chemicals and steel. These territorial complexes, specialised in the production of petro-chemicals, steel and similar commodities have emerged in peripheral regions partly as a result of state (regional) policy and partly because of the existence of labour reserves which were once employed in other 'traditional industries'. This latter development has in some cases tended to reinforce traditional regional specialisation (see Lapple and Hoogstraten, 1980)

### 3.2 Uneven Development and the Cleveland economy

The 1960s witnessed a considerable restructuring of British manufacturing capital in an attempt to maintain international competitiveness. This restructuring received considerable State support ranging from selected subsidies to 'advanced sectors' to nationalisation. Regional policy for example (through Regional Development Grants) subsidised the costs of production of key 'growth sectors' located in regions such as the North East (ie petro-chemicals and steel). A massive rationalisation of production took place involving labour shedding in coal, shipbuilding and engineering. Considerable investments were made in new technology in chemicals and steel followed later by a shakeout of labour, whilst at the same time, the development of new industry in the region was encouraged by spatial policies such as new town development providing modern infrastructures, and Regional Employment Premiums subsidising wage costs in branch plant operations.

Part of the policy of subsidising key industries was to support both

the technical and locational requirements of the steel and chemicals branches through regional and local authority public investment. The emergence of Teesside within the Northern Region as an industrial complex stemmed from the linking up of national and regional industrial policy in relation to national economic imperatives. Regional planning and development therefore became an integral feature of the State's attempt to restore profitability and accelerate the rate of accumulation in Britain. This point can be clarified further with a more detailed analysis of steel and chemical production on Teesside in this period. Before undertaking this analysis, we shall outline below some major characteristics and trends in the Cleveland economy:

- (1) The industrial structure is dominated by Department I industries (i.e means of production including heavy engineering, semi-finished raw materials) increasingly displaying tendencies towards high ratios of investment in machinery and capacity in relation to labour power.
- (2) In terms of employment and investment (although not in terms of number of establishments) the Cleveland economy is dominated by multi-nationals where ownership, control and Research and Development tends to lie outside the area. Although the rate of new labour intensive plant formation does not appear to have been as much a significant feature of the Cleveland economy during the 1960s, as in the North East Region, research undertaken by the CES indicates that the majority of major employers were controlled and owned outside the area. Related to this is the low rate of growth and development of indigenous firms (Storey, 1981, Robinson and

Storey 1979, and Table 5).

- (3) The service sector, although an area of growth both in terms of employment and investment was not as significant in terms of development in Cleveland as it was in the rest of the Region and nationally;
- (4) Indicators of industrial restructuring in Cleveland's manufacturing industry can be clearly seen in the overall scale of employment decline between 1966-75 (Table 6). The greatest impact on the local economy has been made by the Steel and Chemical concerns. State intervention in this process is also clearly identified by the proportion of Regional Development Grants allocated to Cleveland compared with the Northern Region and Britain respectively (Table 7).

### 3.3 Developments in steel and chemicals production

#### 3.3.1 Chemicals

No doubt one of the most powerful multi-national companies in Britain and in Europe has its major operations located on Teesside. Imperial Chemicals Industries has been based in the area for nearly 50 years and by the end of the Second World War the largest single chemicals complex in the world was to be found in Billingham. ICI concentrated a substantial portion of its investment in production on Teesside during the post war period, because Teesside presented ideal opportunities for expansion given the availability of large areas of flat land, good port facilities and abundant supply of labour.

Up until the Second World War Billingham produced a wide range of inorganic chemicals based on sulphuric acid, nitrates, petroleum and calor gas. Ammonia was a major product in heavy demand from agricultural industries (used in the production of fertilisers) and accounted for the continual expansion of Billingham in the post-war period. In 1949 the Wilton plant was established south of the Tees for the production of organic chemicals (synthetic raw materials). Wilton comprised a number of inter-related plants which were originally based around a cracker used to produce ethylene by pyrolysis. Pyrolysis produces a variety of products such as petrol. Ethylene products themselves provided inputs to production in Billingham (the two plants are linked by pipeline) of hydrogen (from ethylene oxide) which in turn is used to produce propylene - a product converted to acetone and methylmethacrylate and then returned to Wilton for use in the "Perspex" plant. The further development of Wilton in the 1950s was stimulated by the high demand for synthetic raw materials such as "Terylene" and synthetic rubber (Hudson 1981).

The 1950s therefore witnessed a considerable expansion in investment, technological change and employment (Table 8). The 1960s and 70s, however, were characterised by a changing economic climate when international competition in the chemical industry became more intense. To remain competitive ICI's Teesside division undertook a programme of restructuring aimed at maintaining its leading position. Competition between capitals was not the only reason for restructuring. In this period manufacturing industry in Britain was undergoing increased pressures upon profitability and it became an imperative for the cost of basic raw material inputs to be minimised.



Changes occurring during the 1960s reflected a rapid increase in the rate of investment in fixed capital as ICI strove to appropriate 'technological rents'. The purpose of the restructuring programme was to increase labour productivity, reduce production costs and through advanced technological innovations reap surplus profits. In respect of this the following developments took place:

- (i) In Billingham major investments in new technology occurred in ammonia production. This involved new capacity (three new plants) giving a total capacity of 1 million tonnes towards the end of the 1960s. The introduction of the steam reforming process enabled the reduction of raw material inputs into the production process - from 2 tonnes of coal for every tonne of ammonia produced to 0.9 tonnes of coal per ammonia ton. The implications of this development for labour productivity were that the labour time required to produce a ton of ammonia was reduced from 11.6 to 0.3 man hours (North, 1975: p 105). An additional development at Billingham was the world's first commercial low pressure process in producing methanol which meant a substantial breakthrough for ICI in this area of petro-chemicals production. In order to guarantee cheap and high quality supplies of raw materials in the production of methanol, ICI became involved in a joint venture with Phillips Imperial Petroleum in the development of two oil refineries at Seal Sands. This venture also enabled the production of feed stocks for other ICI plants.
- (ii) At Wilton, technological innovations involved the expansion of cracking capacity - in 1966 a computer controlled cracker was added with an annual capacity of 200,000 tonnes while in 1968 a further

cracker with an annual capacity of 450,000 tonnes was added. The overall capacity increase amounted to 6 times that which existed three years earlier and indicated the enormous unit cost reductions that could be achieved through increasing capacity and output given a high rate of utilization. Ethylene was the main product which was transported by pipeline to Billingham as a raw material input to inorganic chemicals production. By 1976 the cumulative fixed capacity investment in Wilton totalled £400 million and the complex was to become the most up to date in the world. Table 9 shows the major investment projects implemented at Wilton and Billingham during the 1960s-70s period.

The outcome of this restructuring was the slower growth in price of organic chemicals - from a 1960 base level of 100 to 118.7 in 1970 compared with 100 in 1960 to 123.7 for price of raw material inputs to all chemical producers (Hudson, 1981). The restructuring programme also entailed substantial job losses. Table 6 identifies employment change between 1965 and 1976 revealing a loss of over 6,000 jobs. Table 10 which shows employment change by individual plants of ICI (1971-77) gives a more complete picture relating to rationalisation in ICI. Over 8,000 jobs were shed in Billingham during the 1970s.

The role of the State in ICI's restructuring programme along with those of other major chemical companies was crucial. Regional Development Grants subsidised capital investment (Table 11) but equally important the provision of land and infrastructure was necessary to accommodate the programme of expansion. The land provision was vital because the nature of restructuring involved a considerable demand for

industrial land. Other chemical companies located in Teesside because of the possibility of providing or obtaining feedstock and reducing transport costs:

"..the close interlinking of plants via inputs and outputs is now an almost universal feature of production. Virtually without exception, production takes place in production complexes of plants that are functionally, if not always physically, adjacent, based on oil refineries or similar plants for treating crude oil or its primary products such as naptha. Production units, even if in the ownership of different capitals, often need to be in close proximity to one another, for the profitability of many processes depends upon being able to sell (rather than waste) by-products, the long distance transport of many organics being dangerous and expensive." (Hudson, 1981a: p 18)

It is in this context that the opening up of the Seal Sands area (see Chapter 7) became an important element in State policy towards promoting the Teesside area as a regional and national centre for petro-chemicals production. During the 1960s, with the commencement of a reclamation and servicing programme at Seal Sands, a number of multi-national chemical companies (Rohm and Haas (now closed) and Monsanto, for example) located branch plants at Seal Sands. These developments were also encouraged by the subsidies to fixed capital costs through RDG payments. By 1979 the cumulative total investment in plant and equipment on Seal Sands stood at over £500 million and much of this cost had been borne by the state (Hudson, 1981a: p16).

### 3.3.2 Steel - the effects of the formation of the British Steel Corporation in Teesside

The nationalisation of the steel industry in 1967 and the establishment of the British Steel Corporation was an attempt by the state to stave off a crisis in the British steel industry. The strategy

for the 1970s was for the complete re-organisation of the industry including the scrapping of obsolete capacity, technological change in production and increased labour productivity. The spatial dimension of this strategy involved the establishment of larger integrated production complexes in coastal areas where there was access to port facilities and reserves of land and labour. It was thus the first big investment decision that Teesside should be the location for an integrated steel making operation "based upon the best and most modern world practices". (Hudson, 1978)

The principal iron and steel products to be made in Teesside, with production concentrated at Lackenby/Redcar in the South Tees area near the coast, were ferro-alloys, billets, beams, rails, universal and coiled plate, bars and rods and iron casting (BSC, 1969-70). To maintain a competitive position on the world market BSC placed great emphasis upon the restructuring of production in the area. This took the form of three inter-related processes:

- (i) investment in new technology,
- (ii) scrapping of obsolete capacity,
- (iii) labour shedding and increased productivity.

(i) Investment in technological innovations

A comprehensive programme of investment in new technology was planned in 1969-71 by the Corporation including the replacement of open hearth steel making with BOS vessels (at Lackenby), extension of coiled

plate facilities (Lackenby), replacement of South Bank coke ovens by a new installation, a continuous steel casting process, and a new ore terminal to accomodate ore carriers of over 60,000 tonnes. The rolling programme included the continual modernisation of methods in iron and steel making; i.e. better roll mill utilisation (1970/71), pelleting, burdening and sintering preparation plants at Redcar (1973/74) and a new blast furnace and coke oven plant capable of 10,000 tonnes daily production (1974/75). Part of the technological developments was in the sphere of fuel economies. The £25 million sinter plant mixes fine ore, coke and limestone, and roasts the mix to form a material suitable for blast furnace charging. The plant is capable of making nearly 4 million tonnes of material a year and provides a cheap feed for the blast furnace. Further innovation in this area was the development of a computer based reheat furnace control system which enabled greater fuel economies. Undoubtedly the major technical development was the introduction of a system of pneumatically charging pre-heated coal in the coke ovens by pipeline as a means of increasing plant efficiency and the construction in the late 1970s of a 14 metre blast furnace (three were planned but due to reduced demand for steel only one was completed), intended to increase output and labour productivity as well as reducing basic costs of production. Although the bulk of BSC's investment programme was completed by the late 1970s, considerable Research and Development was being undertaken into further possible technical innovations and also making better use of current technology. An example of the latter was the investigation into the use of a vertical scale breaker at the Lackenby coil Plate Mill which would permit greater flexibility in the width of finished coil. Possibilities of achieving further fuel economies were investigated - e.g. ways in which cost of coal blends used for coke ovens could be reduced by mixing

different coal types (BSC, 1979). The annual amount of investment undertaken by the Corporation is shown in table 12. These figures are estimates based upon Regional Development Grant payments which, prior to 1980, comprised 20% of total investment. Cleveland County Council has estimated that the cumulative investment in Metal Manufacture in the period 1974-81 amounted to £544.6 million which gives some indication of the volume of investment which was occurring in this period (Cleveland County Council, 1981).

(ii) Scrapping of obsolete capacity

The concentration of iron and steel production at Redcar/Lackenby integrated works led to two parallel developments - the run down of older capacity in the Teesside area (iron and steel works located 'up-stream') and the closure of major iron and steel works in other parts of the region. This reflected the policy of concentrating production in coastal areas although the severity of the cuts imposed during the late 1970s was somewhat unexpected. In the 1970/71 period, at the beginning of the restructuring programme, 6 plants were shut down - three located upstream and two which were to be replaced by larger more modern plant. Nearly 5,000 jobs were involved although some redeployment did take place. As Table 13 shows, this was to be the first of a series of plant closures to take place throughout the 1970s. The largest rationalisations to be implemented were the closure of the iron and steel making and rolling mill at Hartlepool involving over 1,500 jobs (1978) and the complete shut down of the iron and steel works at Consett in 1980. Altogether 35 open hearth furnaces were closed and 19 blast furnaces reduced to one in the Northern Region (Pike, 27/7/81). The programme of closures reflected the increased use of technical

innovation in iron and steel production and associated acceleration in obsolescence and turnover time of capital invested in production. Both the Consett and Hartlepool works, for example, had involved relatively recent outlays in fixed capital investment (dating back to the late 1950s and early 1960s respectively).

(iii) Employment change and labour productivity

The above capacity cuts considerably reduced the labour force involved in production. Using Annual Census of Employment data and information obtained from the Cleveland CES Data Bank it is possible to identify employment change at the level of the individual plant. The characteristic feature was employment change through plant closure which comprised approximately 40% of total employment decline (Table 14). Between 1965-77 employment declined from 21,879 (1965) to 16,676 (1977), a reduction of about 25%. In the same period iron and steel output fluctuated around 3.6 million tonnes to 2.7 million tonnes. No data are available on output per plant but some indication of productivity can be obtained by studying developments at Redcar/Lackenby. Although output was reduced because of a decline in orders, the reduction in employment was at a much greater rate. Between 1979-81 the BSC attempted to reduce employment from 20,800 to 13,000 whilst at the same time reduce man hours per tonne produced from 13 to 8, the average rate of productivity in the South Wales Port Talbot Works. There is no doubt that the restructuring programme achieved a marked increase in labour productivity although a declining world market and signs of over-production have placed pressures on BSC to intensify the rationalisation programme even further. The possibilities and limitations of doing this and future prospects will be analysed in

## Chapter 8.

The next two chapters will examine in some detail the formulation and implementation of local economic policies in the period since the early 1960s and how their bias in support for chemicals and steel branches has, until very recently affected overall developments in the Cleveland economy.



## CHAPTER 4

### URBAN AND REGIONAL ECONOMIC POLICY INITIATIVES: THE FORMULATION OF CONSENSUS POLITICS 1963-76

#### 4.1 Regional planning measures - the 'Hailsham Strategy'

The policies and programme outlined in the White Paper (Cmnd 2206) were a response to growing political and social pressures created by increasing regional unemployment and formed a strategy for dealing with the region's outmoded economic infrastructure. As Hudson, (1980: p 11) stated, these measures reflected a switch in Conservative thinking consisting of a combination of short term measures to alleviate unemployment together with longer term measures of a more fundamental nature. These latter amounted to an expanded programme of public sector infrastructure investment, which, taking over elements of the prevailing planning ideology in the region, was to be concentrated in certain key locations possessing 'growth potential' (growth points - such as the new towns - and a growth zone, lying between the rivers Tyne and Tees and to the east of the A1 (M) motorway. (Hudson, 1980: p 11)

The 1963 White Paper, as well as recommending the creation of a growth zone, also made some detailed proposals relating to how the region's infrastructure was to be modernised. These were:

- (1) Building of industrial estates for the 'attraction' of new labour intensive industries;

- (2) Land reclamation schemes for improving environmental quality as well as accommodating industrial expansion programmes;
- (3) Modernisation of the town centres as a means of improving the image of the area as well as promoting economic diversification (encouragement of commercial capital, office and service employment);
- (4) The promotion of the Port of Tees as a major national port;
- (5) The creation of new towns which would provide infrastructures for incoming light and modern industries;
- (6) Improvement of communications as a means of facilitating industrial development - this included a comprehensive road building programme.

The main arguments in the White Paper about the nature and cause of the region's problems illustrates the level of perception of the situation by the State, which formed the basis from which to justify and legitimate its policies. The creation of a consensus around the politics of modernisation can be traced back to the 1930s as a response by the State to the region's problems (see Chapter 1 and Carney and Hudson, 1978). It is this factor which is important in the way consensus measures were formulated and accepted with very little questioning by the labour movement. The context and reasons for this are explained by Hudson as follows:

"Crucially, they subsequently came to be accepted as a legitimate, even inevitable, solution by the Labour Party and working class organisations. Thus it was possible in the early 1960's for modernisation policies to become the basis of a consensus, of a class alliance, as to how best to solve the region's problems. Given the Labour Party's political hegemony in the North East, this has meant it advocating and implementing policies which objectively meet the requirements either of 'capital in general' or of some individual capitals while legitimating these in terms of declared social democratic goals (reducing unemployment, improving working class living standards etc.)." (Hudson, 1980: p 12)

Consensus politics were based around a series of assumptions regarding the nature of regional problems and how these problems were constituted in this period. In a study of public policy in the North East, Carney and Hudson (1974) analyse planning and other official documents such as the North East Study, an unpublished paper which directly preceded the White Paper. In this paper, there are a number of 'explanations' of regional decline. Below, we cite some extracts (quoted from Carney and Hudson) from this to illustrate the type of analysis used to justify the policy prescription described in the White Paper. The analysis related to:

(a) The nature of the industrial structure in the region:

"There is an underlying weakness in the employment situation in the North East. This is long standing but it has grown worse in the last few years... These difficulties stem from the region's industrial structure and its effect on the demand for male labour. Four industries (coal, shipbuilding, steel and chemicals) account for over a third of male employment in the North East compared with less than an eighth in Great Britain. In steel and chemicals employment is no longer rising and in coal and shipbuilding it has fallen sharply."

(b) The image of the Region:

"The general impression of the region as a rather dingy and unexciting place is widely held to act as a psychological barrier to people of this type (i.e. the attraction of 'professionals' and 'white collar' workers and 'technical workers' to the area, DE) and.. "the general appearance of the

industrial areas and the dilapidated nature of much of their social capital are deterrents to the growth of new enterprise in the region."

(c) The lack of commercial property capital:

"Experience shows, however, that property developers in general consider the North East a relatively unattractive area for investment, and, in the absence of effective negative controls, we feel that some powerful discriminatory inducement is needed to offset the pulling power of the more prosperous parts of the country."

These explanations tended to confuse symptoms of the problem with the actual causes. However, there was a shift again in regional policy initiatives with the return of the Labour government - policies became even more closely tied up with the National Industrial Strategy.

#### 4.2 Regional Policy and National Economic Planning

After the publication of the Hailsham Report, the State was to attempt to reverse industrial decline by encouraging restructuring in industry. This strategy filtered down to the level of regional planning, where, as well as modernisation of infrastructure, regional policies were to be orientated to stimulating modernisation of production and placing greater emphasis on increasing efficiency. For the North East, it was envisaged that the region's problems could be resolved through importation of technological development:

"Higher productivity is, to a great extent, a matter of having more efficient plant. This means more investment. It is encouraging therefore to see the heavy capital investment already undertaken and in hand in the region. Particularly by the larger industrial firms and by the nationalised industries; and we welcome the preferential treatment being given to the region, as a development area, in the matter of investment grants towards the renewal of plant and machinery. Industry must take full advantage of this opportunity to modernise with Government assistance." (NEPC, 1965: p 57, para, 35)

As Dunford et al (1980) noted, the new Labour government offered an

alternative to 'stop go' policies incorporating regional policy into a new framework of national economic planning. An important component of the changes in State policies towards the regions after 1966 was the move away from policies encouraging employment generation to policies which encouraged rationalisation. This is illustrated in the amount of regional expenditures allocated to those industries involved with large scale restructuring of production.

By the 1970s unemployment was to increase nationally - although more markedly in regions such as the North East. The reasons for the rise in unemployment rates in the region have been discussed above (Chapter 3).

Paradoxically, it was the 1960s policies which decidedly contributed to the post-1966 'shake out' of labour. In the North East, nationalisation of steel production was followed by labour shedding; in the coal industry many pits were closed and jobs lost as part of the NCB's rationalisation strategy; in engineering and chemicals, a combination of plant closures and investment in labour saving technology involved significant reductions in demand for labour - especially male workers. This pattern of restructuring was accelerated during the 1970s as the world recession set in. From the mid 1970s onwards the focus of attention was switched to the inner city as the process of industrial decline (plant closures, redundancies, de-industrialisation) seemed to be concentrated in inner urban locations. It was in this period that, with the fiscal crisis of the State, the renewed emphasis on monetarist policies and the increasing reliance on free market forces and the containment of trade unions, greater reliance was placed on limiting public expenditure (reduced State aid to industry) and the potential of the small firm (for example) as a source of Britain's future economic

prosperity.

Although the economic climate was to change quite dramatically towards the turn of the 1970s, the basic kernel of analysis of the region's problems (and those of major industrial conurbations situated within it) and policy prescription remained essentially the same. Rather than alter fundamentally, policies were to appear in new forms, such as the State's inner city strategy. Before analysing the institutional and planning framework for policy formation in Teesside, (Chapter 5), we will as a context, present an overview of how the rapid structural changes shaped urban policies.

#### 4.3 The Emerging economic crisis and policy responses

A number of recent works on urban politics/policies (eg Dunleavy 1981, McKay and Cox, 1980) have attempted to trace the pattern of various responses to the 'urban' or 'regional crisis' as a means of formulating a framework for understanding these responses and their particular effects. A recent paper by Jessop (1980) has succeeded in providing an overview of urban policy changes within a necessary context of understanding both the patterns of change in the economy (and its political and social components) and their relationship with wider fundamental shifts in intervention by the British State in post-war society.

In the immediate post-war period the emphasis of state intervention was geared to social and welfare programmes (ie the National Health Service, Public housing; expansion in the Social Services and nationalisation of key infrastructure industries).

Although these forms of social expenditures had their influences upon accumulation, (maintenance of an efficient labour market, labour reserves, stimulation of the construction industry and reducing certain elements of production costs) they were nevertheless limited, and in the longer term imposed a growing burden on central and local State budgets. In 1962 the Plowden Report was published on the control of public expenditure and it was the growing crisis that highlighted the limits to Keynesian economic policies - Jessop explains why as follows:

"Moreover, although Keynesian techniques presuppose that an expansion of effective demand in a closed economy will stimulate additional production, money is integrated in the international circuit of capital and it can function there either as revenue or capital. Given the openness and the structural crisis of Britain's economy, increases in effective demand were just as likely to finance capital exports and the import of consumer goods and/or to enable capital to engage in speculative activities or to raise prices... without such increases in production and industrial reorganisation, Keynesian increases in the money supply to maintain full employment merely served to intensify the structural crisis and fuel inflation." (Jessop, 1980: p 39)

Jessop argues that the resource and financial costs of welfare provision imposed a growing burden on central and local State budgets, whilst at the same time were proving inadequate in resolving the social problems connected with capital accumulation (unemployment, alienation, poverty). Therefore in the mid-sixties there was a redirection in social policy from redistribution to attacking the causes of poverty and deprivation affecting individual citizens rather than treating their symptoms. This is the context for understanding the emergence of regional modernisation policies discussed above. The resulting shift in State policies is described as follows:

"There has arisen a complex of local regional and national programmes to alleviate such problems as urban poverty, educational deprivation, inner city decline, urban disorder, imbalance in the spatial organisation of economic and social life, regional under-development and so on. Thus in addition

to the growth of regional development policies through increasing resort to capital grants, tax allowances, employment subsidies, infrastructure support, government training programmes, land use planning and so forth, there has also been a growing movement towards regionalisation of government with the formation of Regional Economic Planning Boards, Regional Health Authorities, Regional Water Authorities etc. at the expense of local authority control." (Jessop, 1980: p 68)

Local institutional change in the State as reflected in the reorganisation of local government formed part of the State's response to the urban crisis. The purpose of reorganisation was to create a more efficient machinery of management of urban problems as well as facilitating tighter control of local expenditure (Cockburn, 1977).

In the 1960s the politics of modernisation reflected both the 'social democratisation' of the State through the integration of working class demands and organisation into the bourgeoisie's economic and political organisations, and the politics of corporatism which transcended the separation between the economic and political spheres of capitalist social formations through the development of functional representation and intervention (e.g. para-state bodies such as quangos). In the case of local government reorganisation it has been argued (see Benington, 1976) that the institutional integration of conflicting interests through the setting up of public participation programmes and neighbourhood councils has legitimised the democratic aspect of local administration, whilst in reality local democracy was being eroded, with more decision making being made with less direct accountability to the public. New management structures and the corporatist approach has taken power away from the elected member with more weight being placed on the professionals, and powerful policy groups being dominated by a smaller number of councillors. (Dearlove, 1980)



This corporatist approach is exemplified in the changes in the plan making process which we have referred to earlier. The 1968 Town and Country Planning Act created a new form of spatial planning which was to be integrated with or at least linked to corporate policy formulation. Structure planning presented possibilities for formulating regional and Local Plans which, as well as taking account of social-economic issues, also gave consideration to local authority public investment programmes and financial planning (McLoughlin, 1975). Work on structure plans in many areas preceded local Government reorganisation in 1974, but by the time reorganisation was enacted, the shift of emphasis was towards positive discrimination and urban policy making. This policy shift, derived from the setting up of the Urban Programme in 1968, were based on the assumption that spatially defined problems had their causes rooted in the deficiencies of the residents in the defined 'problem area' (eg inner city).

Inner city policies were legitimised with the explanation that rather than the inner city reflecting the structural crisis of British capitalism, it was seen as a marginal (although important) problem to British society which spatially selective policies could resolve. This argument pervaded central and local government policy documents, despite the recognition that only policy initiatives at the national level could in any way effect some meaningful change in the circumstances of inner areas. Throughout the 1970s the focus of attention shifted away from regional planning to inner areas programmes and selective area based policies. Davis and Green (1979) in their discussion on inner city policy in the North East, make comparisons and draw parallels with regional planning strategies of the 1960s:

"Just like the earlier regionalism, the inner city strategy serves to direct political activity and attention from the overall operations of the capitalist system towards the particular problems and alleged peculiarities of places and people. Also like regionalism a whole fresh range of committees and tripartite Consultative bodies serve to enmesh and incorporate labour leaders - Councillors, trade unionists, community groups - into the acceptance of the state's definition of the problem, its proposed solutions and, by extension, its own authority and legitimacy." (Green and Davis, 1979: p 69)

Explanations of inner city problems and the concern, arising from the increasing level of community action and urban social protest as a response to the economic crisis with its associated polarisation in spatial and social terms, shaped local government policies with an emphasis upon support for private production and accumulation. In the 1970s, urban authorities formulated economic development programmes which contained many of the elements of the regional modernisation policies of the 1960s - industrial promotion, environmental improvement, diversification with emphasis on new 'seed bed' industries, commercial development etc. However, these strategies were from the outset to confront insurmountable problems such as a deepening fiscal crisis of the state, accelerated de-industrialisation, and the emergence of mass urban unemployment.

#### 4.4 Some comments on the 'local state'

In recent years a number of writers (notably Cockburn, 1977) have attempted to place the functions and activities of local government in relation to an analysis of the capitalist State. New ground has been covered, breaking away from the purely functionalist and pluralist conceptions which have tended to pervade a considerable volume of literature on the subject. However new theoretical problems have been raised, especially relating to the concept of the 'local state'. It is

beyond the scope of this study to enter this recent theoretical debate on the local state but some points do emerge which are in need of clarification here:

- (1) That local government is an institution of the State apparatus - an apparatus made up of a diverse number of institutions reflecting the heterogeneous character of the State;
- (2) Studying local authorities raises the issue of State intervention relating to spatial policy intervention and consequently provides a sharp focus on the way geographical uneven development is reflected in the state apparatus through the different character of local authority interventions;
- (3) The concept of the 'local state' is ambiguous - it is more appropriate to consider local institutions of the State i.e. locally based central Government, regional and corporatist structures, as well as local government. These institutions will develop and change according to the changing nature of accumulation and class struggle - exemplified by the development towards corporatist structures in the 1960s and increasing emphasis on industrial modernisation policies;
- (4) As an institution which can implement reforms and egalitarian/welfare programmes local government is limited by the legal and financial constraints imposed by central Government. Local authority functions will also change or be restructured according to the extent or degree to which local institutions become a terrain of struggle and focal point of popular democratic demands.

It is this factor which underlines the tension not only between central and local Government but between local institutions.

How these tensions and conflicts are realised will be the subject of discussion in the following chapters

## CHAPTER 5

### SPATIAL POLICIES AND INSTITUTIONAL CHANGE IN TEESSIDE 1963-74

During the 1960s and early 1970s, the previously described trends in local policies and administration at national level were reflected dramatically in the changes invoked in urban government and planning on Teesside. In this chapter we shall discuss the 'urban policy' framework which was set up to implement the White Paper's Regional Planning measures. There were three important elements to the development of policies in Teesside in this period: the development of new forms of land use and policy planning; the reorganisation of local state administration; and the actual content of the plans themselves (i.e. general policy prescriptions). In many ways these three aspects are considerably interlinked but for purposes of clarity and convenience they shall be dealt with separately here.

#### 5.1 Urban Planning and the new Structure Plans

The idea of setting up sophisticated planning instruments was first mooted in the 1963 White Paper itself. The need was seen to be so great that central Government was to provide a portion of the funds to finance the project. The White Paper states that environmental improvements require high quality town planning:

"The Minister of Housing and Local Government proposes to discuss with them (ie local authorities) and other authorities concerned the commissioning, with Exchequer assistance, of a comprehensive Teesside Survey and Plan of which one important feature would be the promotion at Middlesbrough of central development to act as a social and commercial focus for the whole conurbation .... and the survey would also be the first

comprehensive project to be initiated in the light of the Buchanan and Crowther Reports on the Long Term Problems of Traffic in Towns."

Before the 1968 Town and Country Planning Act (and the creation of the Teesplan prior to this legislation) statutory Development Plans were prepared separately for a number of local authorities covering the Teesside area (under the 1947 and 1962 Town and Country Planning Acts). Town Maps were prepared dealing with land use and physical planning issues. In 1964, a steering committee was established, consisting of representatives of central and local Government in the Teesside sub-region, and from road, rail and other transport authorities. In the same year consultants were appointed to work on the Teesside Survey and Plan. The Teesplan coincided with the inception of the Teesside County Borough and the introduction of the 1968 Planning Act. This piece of legislation embodied recommendations made by the Planning Advisory Group (HMSO, 1965) about the future of urban planning. These recommendations were as follows:

(a) The compilation of a Structure Plan which would comprise a two tier Development Plan system which distinguished between strategy and tactics;

(b) Strategic issues would be dealt with in Structure Plans which were to set down socio-economic strategies for an area. Local Plans would provide a framework for development control guidance and coordination of the development activities of public and private agencies. Local and Action Area Planning would be integrated within the overall strategies formulated at the sub regional level by the Structure Plan. The most significant point of departure from the old style planning was dealing

with social-economic issues as well as land use allocation;

(c) In line with the recommendations made in the Skeffington Report, 'People and Plans', Structure Plans would give people the opportunity to make representations.

## 5.2 Local government reorganisation

The Teessplan covered an area including the former County Borough of Middlesbrough, the Municipal Boroughs of Redcar and Stockton and Urban Districts of Billingham, Thornaby and Eston, and parts of the Rural District of Stockton. When the Teesplan was completed in 1968 (HMSO, 1969) it was felt that it had the status of a draft structure plan. There was one complication involved in the planning exercise: the area defined for planning purposes in 1968, when the County Borough of Teesside was created, differed from the area covered under the Teesplan.

As the new Teesside Borough came into being in 1968, national consideration was being given to local government reorganisation. The Royal Commission on local government gave support to those who argued for an expanded Teesside. However a compromise was sought, after considerable debate and conflict (especially between the urban and rural authorities), and the new County of Cleveland was created in 1974, comprising four new district authorities: Hartlepool, Langbaurch, Middlesbrough and Stockton. Three Structure Plans were prepared after reorganisation: Hartlepool, West Cleveland, East Cleveland and the Teesside Structure Plans.

Despite the complexities of the changes evoked by local government

reorganisation, and the fact that in this period control over local administration was to change hands from Labour to Conservative and back to Labour in 1974, there was a remarkable level of continuity in overall planning and corporate policy objectives maintained throughout, reflected in the Teessplan and subsequent Teesside Structure Plan. In other words, the ideological commitment to modernisation was adhered to by both Parties, and this can be illustrated by a closer examination of the general policy objectives outlined in these documents.

### 5.3 Content of Plans - reformulation of consensus politics

In the Teessplan, (HMSO, 1969, Vol. 2) three major objectives for the economy were formulated:

- (1) The maintenance of Teesside as a major port complex of national importance and provision for the locational requirements of the steel and chemical industries;
- (2) Diversification of the economic base would be encouraged through the attraction of labour intensive industries;
- (3) Promotion of Middlesbrough as a Sub Regional Centre.

Objectives 2 and 3 are closely interlinked as central area redevelopment was to provide infrastructure for service and office development.

The means by which these objectives could be realised were:



- (1) Co-ordination and management of fixed capital investments through the provision of basic services, land reclamation and zoning, construction of industrial estates, advanced factories etc;
- (2) Comprehensive central area redevelopment, land assembly, property development partnerships;
- (3) Large scale road planning linking up industrial and commercial areas with the national road network and residential areas;
- (4) Public and private housing areas located to minimise journeys to work;
- (5) Provision of education (including a university) and welfare services.

There was no doubt that the Teesplan placed considerable emphasis upon the local economy. It anticipated major restructuring and rationalisation programmes in the steel and chemicals sectors, but the commitment of resources to 'capital intensive' industries arose in recognition of the national importance of these industries. It was envisaged therefore that alternative employment opportunities which would be stimulated by infrastructural investment would compensate for job losses in the major industries.

The Teesside Structure Plan, which superseded the Teesplan, was formulated under changing economic circumstances when unemployment in the area was on the increase. Interestingly, the analysis to come out of the Report of Survey (1972) was verbatim identical to that outlined

in the White Paper:

"(i) The Sub Regional employment structure is dominated by heavy industry, so that a narrow range of employment opportunities are responsible for approximately 40% of all male jobs. This figure compares unfavourably with the national average of only 12%

(ii) The Sub Region also has a low proportion in those industries such as electronics which have displayed the higher rates of employment growth in recent years

(iii) The level of service employment, too, is low in the Sub Region, and this applies in particular to the professions, finance and government

(iv) The low female activity rates reflects the number of jobs which are available as a result of the small size of the service sector, and the imbalance in the employment structure..

(v) The proportion of 'White Collared' workers is relatively low"

(Para. 6.4)

Post local government reorganisation in Cleveland involved considerable changes in policy making. The newly created Middlesbrough Borough Council produced a corporate Policy Plan on similar lines to those produced by the London Boroughs. This Policy Plan attempted to incorporate Structure Plan objectives by concentrating on land reclamation and policies which would assist the small firm, in addition to central area comprehensive planning. In the 1976/77 period, Middlesbrough was one of many authorities which lobbied central government for inner areas status and was accorded Programme Authority Status in 1978. Subsequent Inner Areas Programme policies have in many ways complemented Structure Plan policies by relating economic development programmes to assisting small firms and renewing the industrial environment (eg declaration of Industrial Improvement Areas). At the County level, industrial promotion, involving extensive publicity campaigns, was expanded and included representations to central Government arguing for changes so that central Government policies would be sympathetic to the particular economic problems experienced in

Cleveland. Such conflicts of interest between central and local government, plus the increasing questioning of traditional policies from within local government and in the community over recent years indicates some questioning of the consensus strategy which has dominated local politics for over 15 years. The next two chapters will analyse in more detail industrial land and Sub Regional Centre policies, and how they have reflected some of the conflicts, contradictions and tensions involved with local government policy making in this period.

## CHAPTER 6

### IMPLEMENTATION OF MODERNISATION POLICIES

#### 1. Introduction

Earlier we have emphasised the two major components of modernisation policies in Teesside:

(a) land and infrastructure provision in relation to meeting the locational requirements of the steel and chemical industries;

(b) the promotion of Middlesbrough as a Sub-Regional Centre for attracting service and office employment opportunities. Accordingly, this chapter analyses the implementation of these policies and is sub-divided into two major sections:- Section A describes the various elements comprising industrial land policies, Section B discusses the background to and detailed implementation of town centre renewal in Middlesbrough.

#### A INDUSTRIAL LAND POLICIES

##### 6.2 The reclamation and development of Seal Sands

As mentioned in Chapter 3, the restructuring strategies of the steel and chemicals companies involved a locational shift to the Teesmouth area. Changing production processes required larger tracts of land. An influential element in this process was the changing nature of bulk trade and the gradual movement down stream of port facilities. It

can be argued that the development of the port, stimulated by its increased status following the Hailsham proposals, went hand in hand with the development of chemical and steel production because of the importance of close proximity of berths to centres of production (Hudson, 1981). This movement of industry was assisted by local authorities in terms of their intervention in the reclamation and zoning of land at Seals Sands.

In the Teesside Structure Plan, Policy B1 stated that:

"Provision will be made for the expansion of capital intensive industries, particularly the steel, chemical and oil based industries, heavy engineering and shipbuilding and repairing." (Cleveland County Council, 1977: p 72)

The analysis which led to the formulation of this policy was contained in the Report of Survey (1972) which argued that:

"Chemical manufacture is increasingly becoming concentrated in large, integrated plants, with a growing dependence on coastal locations to facilitate the integration of chemicals and oil refining. The only large area available for such developments on Teesside is at Seal Sands where the reclamation of 1,000 acres of land should provide attractive sites for firms wishing to build plant for processing imported raw materials." (p 43)

Seal Sands was first subject to reclamation plans in the 1930s and by 1953, 246 acres had been reclaimed and were available for industrial development (Taylor, 1982). From 1953 to 1966 most reclamation took place on the South Bank but by 1966, pressures were placed on the State by the need for major chemicals industries to seek larger areas of land, and the programme of reclamation was switched to Seal Sands. At this time the responsibility for reclamation was undertaken by the Tees and Hartlepool Port Authority although local authorities began to take on an increasingly vital role in terms of reclamation, programming and land management.

At the same time, in line with State policies regarding port development, work had already commenced on dredging the river channel, making Teesport accessible by vessels of 63,000 tons deadweight (at the new Tees Dock at Lackenby on the south bank). The new Shell Oil refinery and also ICI's Naptha Crackers at Wilton were built in 1966, both making use of the deep water channel. This new port facility stimulated demand for sites in the Teesmouth area, and by 1966 4,000 acres had been reclaimed on both sides of the Tees and roads had been built from Haverton Hill to Stockton, Port Clarence to Seaton Carew and from Grangetown to Teesport. (Taylor, 1982)

In the first phase of the Seal Sands reclamation, Phillips Imperial was the first to open a new plant, an oil refinery. This was located adjacent to the ICI distillation plant on the company's North Tees site. Following the PIP refinery development, there was an influx of petro-chemical and oil-related industry into the Seal Sands area. In February 1968, Monsanto, a US chemical company, announced its plans to develop a 200 acre site at Seal Sands. This development represented its largest investment outside the U.S. At the same time, The Tees Storage Company announced that it was taking over 500 acres with an option for a further 50 acres for the storage of 200,000 tons of oil and liquid chemicals.

Teesside County Borough provided the necessary roads and services. The council announced plans to co-operate in the development of the area by providing 3,000 yards of dual carriageway to open up the area (Northern Echo, 29/2/68). The Tees Valley and Cleveland Water Board also undertook to provide large quantities of fresh water necessary for chemicals production, and this amounted to some 1.5 million gallons a

day for Monsanto alone.

Impetus was also given to the development of the Seal Sands by the publication, in 1969, of the National Economic Planning Council's Regional Ports Survey (HMSO, 1969). This Report advocated the Tees as the only port in the North for which big developments should be recommended. It was also proposed that the port of Tees should become a prototype for a new Government plan to develop selected port areas into major industrial complexes, under the 'MIDAS' scheme. The Tees was selected as the best site in the UK for such a development because of its existing port facilities, its European connections and its 5,000 acres of flat, riverside land. The MIDAS areas were seen as complexes of bulk processing and associated industries, alongside major new port facilities (National Port Council 1972). Although the MIDAS scheme was eventually abandoned, Teesside's industrial port complex in fact continued to develop along these lines.

A major stimulus to the continued development of the Seal Sands was the discovery of oil in the North Sea. Whereas the refineries at North Tees (PIP) and at Teesport (SHELL) operate using oil imported by tankers there was the opportunity to pipe oil ashore from the North Sea. The geographical position of Teesside in relation to the oil fields, and its existing oil and chemical plants, led to it becoming one of the UK's major oil terminal and refining complexes by the late 1970s.

The policy of encouraging North Sea oil development, which was promoted during the early 1970s, was considered in terms of its likely future impact on employment opportunities. The THPA favoured the development because of its obvious impact on the future development of

the Port. The THPA put forward plans to reclaim land at Seal Sands for oil related development. In 1971 a Working Group was set up, comprising representatives of the main parties involved or interested in the future development of Seal Sands, including industrialists, conservationists and the Teesside County Borough. The local authority was quite optimistic about the fact that spin-offs as a result of oil developments would be beneficial to the local economy. An interesting element of the Report which was prepared (Teesside County Borough, 1972) was the hint of some doubt about promoting oil related developments:

"On the other hand, the image of Teesside as a growth area with an improving environment and widening job opportunities could be adversely affected by the persistence of a labour market, dominated by chemicals and steel, and an environment under continuous threat from pollution resulting from the development of large capital intensive plants." (p 10)

These proposals were however accepted and incorporated in the Teesside Structure Plan. The proposals were in two stages (see Taylor, 1982). The first stage comprised reclamation of land which is now occupied by the Norsea Ekofisk oilfields concern. A 220 mile pipeline connects the Tees to the North sea fields being developed by the Phillips Norway Group. Naturally this stimulus to the growth of the Port was quite evident; jetties had been constructed to handle ships of up to 150,000 tonnes d.w.t. Four jetties were also constructed for the export of natural gas liquids, and were located, together with two of the crude oil jetties in a large inset dock built by the THPA on the North Bank of the Tees. By the end of 1978, the costs of fixed capital investment in the Phillips petroleum terminal and separation plant and the associated tank farm at Greatham totalled over £300 million.

The Seal Sands development represented a partnership between various



agencies of the British State and the European Community. Although the THPA initiated much of the reclamation work, a large proportion of the finance for roads, drainage and power supplies came from the European Regional Development Fund. The local authority was responsible (partly) for financing reclamation and services but took on board a vital land management and development control function. The Regional Water Authority, through its investment in the Cow Green and Kielder Reservoirs, ensured more than adequate water supplies. An additional and significant factor in the location of multinational companies was the payment of Regional Development Grants towards costs of plant and machinery. (Hudson, 1981)

### 6.3 Policies for employment generation and diversification:

#### Industrial estate provision and land reclamation.

The policy of providing industrial estates to accommodate 'modern' labour intensive industries was put forward in the White Paper on the North East and one outcome of this policy was the construction of the 336 acre Teesside Industrial Estate constructed by the (then) English Industrial Estates Corporation on the south side of Thornaby. According to North (1975) new industrial estates constructed in the mid 1960s by local authorities played a large part in attracting new industries to Teesside. Interestingly, North (1975; pp 116-118) describes the type of industry and firm which located on the estate and it is notable that many became part of large national and possibly international corporations during the late 1960s early 1970s. We will return to this point below.

Because of the movement of industry up-stream to Teessmouth during

the 1960s, many sites were left derelict. Local authority reclamation and industrial estate provision were therefore interlinked with each other. The first major scheme commenced in 1965, at the time of the Teesplan when the consultants were commissioned by Middlesbrough Town Council to prepare a plan for the reclamation of the derelict Ironmasters district, a site of some 384 acres. By 1970 some 1,500 acres of derelict land had been allocated £1 million by the newly formed Teesside County Borough for reclamation mainly for light industry and warehousing. (Evening Gazette, 2/7/70). In 1974, Cleveland County Council took over responsibility for industrial land reclamation and identified another 500 acres of suitable land, making a total land reclamation programme of 2,000 acres.

Approximately 80% of the derelict sites were disused steel making sites, and as Table 15 shows, Langbaugh had the most reclaimed sites in the period up to 1978; this partly reflects the amount of disused BSC land along the south bank of the Tees. The figures in this table, covering the period 1974-1978, indicate that the land reclamation programme was progressing slowly. The chief problem has been in land acquisition and the Statutory undertakers' reluctance to sell their land voluntarily to the local authorities for reclamation. In the mid 1970s the impetus to continued development of industrial estates and land assembly for advanced factory building was given by the increasing level of unemployment in Teesside associated with the restructuring of the economy. A report from the County Council identified the problem as follows:

"...the costs to the community implied by the investment in North Sea oil and the restructuring of the steel industry, in particular the proposed closures in Hartlepool will have a severe impact on its economy... and in the medium term the

developments are not providing the kind of diversification of the occupational structure that the growing Cleveland labour force needs." (Cleveland County Council, 1977)

Meanwhile the Structure Plan (1977) reiterated its commitment to employment creation through its policy B3 which stated:

"Provision will be made for the growth of existing labour intensive industries and for industries in this category that will be attracted to the area."

This policy was implemented on two fronts: greater local authority involvement in industrial estate provision and building advance factories, and the special emphasis on support to the small firm.

The four borough councils in Cleveland have recently built small factory units at Newburn Bridge in Hartlepool; Cowpen Lane Industrial Estate, Billingham; St. Annes, Portrack; North Oxbridge in Stockton, Letitia St. in Middlesbrough and Bolckow Road Industrial Estate, Grangetown, Langbaugh. Local authorities have also encouraged private developers to build similar units on council-owned land; they have also taken up long leases on privately built units and sub-let these to small firms. The authorities have concentrated on small units as English Industrial Estates which has been active in the area, provides larger units (Taylor, 1982).

In common with the local authority provision of industrial land and infrastructure on Seal Sands, their involvement in the provision and servicing of industrial estates has received aid from the EEC's Regional Development Fund. This aid, which is shown in Table 16, has largely been towards the costs of the provision of basic services for the industrial estates, including water, gas, telephones and roads. Further aid is given to BSC (Industry) Ltd., from the European Coal and Steel

Community funds, and this has been used in the development of BSC's industrial estates at Brenda Road, Hartlepool and in Langbaugh.

### Inner city policy and the small firm

In the discussion on the evolution of State policies on Teesside in the previous chapter, we described how inner city policies were a response to the structural crisis of capitalism and reflected wider institutional changes in the state apparatus which were taking place in the early 1970s with the onset of local government reorganisation. Because of the impact of the recession on the Teesside economy and the need to deal with the effects of restructuring, Middlesbrough was accorded Programme Authority status under the Inner Urban Areas Act (1978). As the emphasis of inner city policy gradually became geared to economic development, so the level of commitment to the small firm policy increased. It has been argued (Harford, 1979 and Green and Davies, 1979) that the commitment to small firm policies by the Labour and Conservative parties alike in the mid 1970s was based on the ideological presentation of the "independent entrepreneur battling for survival against the big battalions of the giant monopolies and the multi-national corporations." Small firm policy became an important legitimisation for positive discrimination policies which help to foster 'indigenous' new employment as the larger industries came to be considered as major sources of employment loss. This sort of analysis permeated official policy documents. The First Middlesbrough Inner Areas Programme thus stated:

"...it is obvious that the majority of the required increase in jobs will have to come from the establishment of new firms, and possible expansion of employment in the service sector (both public and private). New firms can either be those which are

setting up for the first time or those which already exist elsewhere, and are attracted to move to Middlesbrough...Firms which come in from outside, particularly if they retain connections with parent companies elsewhere in the country, are more likely to contract or move out again in times of economic stringency. Thus a key issue the Councils face is how to encourage the establishment and subsequent growth of new firms within the Borough." (Middlesbrough Borough Council, 1978: p 30)

Within the defined inner areas boundary, there is a concentration of undeveloped derelict sites (eg Cargo Fleet, Newport North) and a number of Industrial Improvement Areas were proposed. Assistance to small firms was to be financed by rate levy, and was also incorporated with the County Council Economic Development Programme. This assistance now comprises:

- (a) the introduction of concessionary rentals for small firms;
- (b) the introduction of rates by installments for small firms;
- (c) the production of a producer/supplier catalogue for small firms on a County wide basis.

In addition to the above incentives, Middlesbrough Borough Council recently appointed (in 1980) an Industrial Liaison Officer for promoting small firm policies, including the investigation of the special needs of businesses employing less than 25 employees in the inner areas.

## B SUB-REGIONAL STRATEGY AND THE POLITICS OF DIVERSIFICATION

### 6.4 Policy prescriptions

The regional planning framework for local authority policy formulation in Teesside, set down in the White Paper (Cmnd 2206) emphasised the attraction of property capital to the area, on town

centre renewal and the promotion of Middlesbrough as a Sub-Regional Centre acting as a social and commercial focus for the whole conurbation. In an unpublished paper prior to the White Paper publication (North East Study, 1963) policies relating to town centre renewal are described in more detail.

"In the North East commercial property is just as in need of modernisation as industrial plant. It is part of our plan that the town centres of the growth zone should be redeveloped and there is a need for more modern office accommodation in the context of attracting more white collar work to the region....Urban improvement has a direct bearing on efficiency. If the road layout and urban facilities do not give firms easy and quick access to the things they need in a town, they will be less encouraged to come and expand there. If the shopping areas are inconvenient and unattractive people will go elsewhere for their personal business - and ultimately for their homes and livelihood. The town's social and commercial activity, rateable value and municipal standards, will then spiral down and so will prospect of growth. It is also a matter of improving the region's image..." (Cited in Carney and Hudson, 1974)

This analysis was adopted in subsequent planning and policy documents. The recently submitted Structure Plan (1977) states that "Central Middlesbrough will be developed as the Sub-Regional Shopping Centre."

(p 80). There are four major dimensions to this policy:

- (1) The provision of an efficient land use system as a focal point for the area's road and traffic system;
- (2) Redevelopment would cater for needs of existing shops (including pedestrianisation);
- (3) The concept of developing Middlesbrough as a regional centre included the development of commercial, entertainment, social and administrative functions.

Structure plan policy B 16 links up the objectives of the sub-regional

centre renewal with the overall economic policy of proposing Middlesbrough as a sub-regional office centre.

In discussing how this strategy was adopted, evolved and changed since the 1960s and the White Paper proposals, it is useful to examine some arguments of the North East Area Study (1975) in its critique of the Teesside Structure Plan, about the nature of the policies and their fundamental weaknesses. Basically three points were put forward. These points will be more fully explored in the next chapter (7).

(1) The planning documents (including Teesplan) did not fully calculate the implications of the role of property companies, and assumed property interests and those of the local community coincided. The policy of positive attraction of property capital to the North East was seen as a means of renewing town centres in line with Local Plan and development brief guidelines. Alongside the statutory planning process, local authorities were expected to provide infrastructure and create the right environment for development. However, property interests did not necessarily coincide with local planning policy.

(2) Another factor explaining the limitations of the Sub-Regional Centre policies is the assumptions made in the Teesplan (and incorporated in the Structure Plan) about retail expenditure patterns and demand for shopping floor space. The recession itself, combined with retail price inflation (especially between 1972-75) restricted consumption good spending.

(3) An important element behind the formation of central area policies during the 1960s was the road lobby. The interests of this lobby were

clearly identified in the Buchanan proposals for renewing and restructuring town centres in such a way as to accommodate road traffic, assuming dramatic increases in car ownership. (see also Hamer, 1974)

In addition to the above three factors shaping town centre redevelopment in Middlesbrough, there was also a significant ideological dimension to the Sub-Regional Policy proposals. In the initial discussion on the adoption of a comprehensive urban renewal strategy, committee reports tended to legitimise policies by emphasising the improvement of the image of the area and the re-creation of some civic pride and improvement (it is interesting to note here the parallels between the statements made by the 'City Fathers' in the 19th Century and those made by contemporary Councillors and local authority officials). As the Teesplan noted:

"A policy of fostering development of such a centre is necessary as part of the creation of a new image for Teesside. For example, discussion with leading industrialists in Teesside..indicates that the absence of such a centre, with its associated commercial and cultural facilities is a weakness when comparing Teesside with other conurbations." (HMSO, 1969: Vol. 1)

In much the same vein the Structure Plan argued, some years later:

"The physical manifestation of urban decay, besides presenting certain intrinsic problems, create an unfavourable community image. It follows that no opportunity should be lost to link with necessary redevelopment the means of making Teesside more attractive to developers and residents." (Cleveland County Council, 1977: p 26)

## 6.5 Dynamics of town centre renewal and the role of property capital

The attractiveness of land and property as a major focal point of investment stems (partly) from wider structural changes in the economy and the peculiar and dominant role financial institutions play in the



economy (Thompson, 1977, Minns, 1981). In the period immediately after the end of the second world war, financial institutions began to invest in land. One reason for this was the relatively high rates of inflation which made investment in land and property reasonably secure, coupled with the ability of its income and capital value to keep pace with inflation. Another reason was the reconstruction of the bomb damaged cities, combined with a growth in the state and tertiary sectors, created a need for a semi-independent institution specialising in the provision of use values contained in parcels of land and property. Thus in the 1950s, a number of major property companies were formed to take on urban renewal and development schemes (Massey and Catalano, 1978). Because of the long term turnover in capital invested in urban development, long period arrangements were necessary in financing projects.

Property companies obtained their funds through share issues, retained profits (rents) and/or by borrowing from financial institutions. In the post 1954 period, building controls and betterment levy originally introduced in the 1947 Town and Country Planning Act, were lifted. The demand for office space was such, being geographically concentrated in the South East, that only larger property companies, in partnership with local authorities, were in a position to undertake large scale projects. Financial arrangements were changed from bank loans to sale and lease back or long term loans on the money markets.

By the early 1960s there was a levelling off in demand for office space as the post-war boom rescinded. It was in this period that there was a move away from development in London to other areas in Britain. Massey and Catalano (1978: p 134) describe the background to this:

"By the early 1960s the conditions which had provided the dynamic for the post-war development boom were beginning to change. In the office sector supply started to catch up with demand; increases in rents and land values in London slowed down. Companies began to seek other areas; between 1960 and 1965 they turned to provincial towns and to Europe and Australia."

This was one factor for understanding the move of property capital to the North East. The role of the State was important here in restructuring the property and construction sector. Office Development Permits were introduced in order to restrict development in London (because of the rent inflation resulting from the boom and to discourage 'overdevelopment'). Combined with the regional public expenditure programmes in infrastructure, ODP's assured the continued profitability of the property development sector. Because of the huge financial returns that accrued to this sector during the development boom, the 1965 Finance Act was implemented in order to provide more stringent taxation policies for the property sector, which was seen as making "too much profit". A reaction to this in the period between 1966-70 was for the property sector to almost come to a standstill and considerably curtail development, whilst at the same time attempting to maintain market and financial holdings by company mergers or larger companies acquiring smaller ones. Despite this process of financial restructuring, by the late 1960s property companies began to experience a shortfall in rental income. High interest rates and credit policies geared to restricting borrowing were instrumental in bringing about the collapse in the property market in 1973. A number of points emerge from the above discussion of the property sector:

- (1) Property development is highly sensitive to changes in the economy - especially in terms of inflation, interest rates and credit policies;
- (2) Related to this, the role of the state has influenced the structure of the property development industry as well as facilitating capital investment in town centre developments.

#### 6.6 Sub-Regional Centre strategy - urban renewal in Middlesbrough<sup>1</sup>

The Teesplan estimated the demand for land in the central area for civic, commercial and retail uses from an analysis of population, income and service employment trends. Population projections were based on continued immigration as a result of regeneration of the economy. In this way, the planned expansion of the town centre was based upon the presumed attainment of economic policy objectives such as diversifying the economic base of Teesside and continued support for capital intensive industry. Additionally it was also assumed that population immigration would generate its own demand for services. Overall, the success of the policy of promoting Middlesbrough as a Sub-Regional Centre would be dependent on the general assumption that regional differences would be reduced through the implementation of the White Paper (Cmnd 2206) development strategy.

#### Shopping

The basis of the shopping policy in which most retail functions would be located in the central area of Middlesbrough (serving the catchment area of Teesside) was the established fact that Teesside was served with two shopping centres (Stockton and Middlesbrough) where the

<sup>1</sup>This section is based on information obtained from committee minutes and press cuttings which are referenced in detail in the bibliography.

quality and range of services were relatively poor. Fostering the growth of one of these centres (i.e. Middlesbrough) was seen as the most rational means of deploying public investment. Shopping floorspace requirements were calculated from existing productivity rates in the retail sector and through forecasts of future changes in retail methods such as the growth of the multiple chain store and supermarkets.

### Offices

The rationale for a centralized location of office development was based on the following criteria:

- (1) As a consequence of population growth there would be a demand for about 3,500 jobs in the central area services, banks, finance and professional services;
- (2) A "tentative" assumption was made regarding the increase of about 2,200 jobs in local government arising from the building up of Middlesbrough as an administrative centre;
- (3) A further allowance of 2,200 jobs was made for the possible increase in civil servant employment if a major government office was to be attracted to the area.

Town centre development in Middlesbrough was programmed in the early 1960s for the clearance of slum property and modernising the central area. By the time the Comprehensive Development Area No 1 (CDA) was submitted to the Minister of Housing and Local Government (MHLG) events

<sup>1</sup>This section is based on information obtained from committee minutes and press cuttings which are referenced in detail in the bibliography.

had overtaken this planning exercise and the MHLG was to refuse it on the grounds that a more comprehensive plan was needed for the town centre. It is interesting to note that the initial response to the White Paper which selected Middlesbrough as a sub regional centre was one that questioned the public expenditure implications of a large urban renewal scheme. Detailed proposals for a new regional centre were made in the period 1964-1969. It is difficult to assess the degree to which local authority partnership schemes with developers had a significant bearing on the attraction of property capital to the area. However there is evidence to show that other interest groups claimed a future stake in the town centre scheme. The Northern Architectural Association wrote to the Middlesbrough County Borough Town Planning Committee warning that there might be a scramble for rights to undertake development by various commercial developers and warned that individual local authorities might find themselves under pressure to accede to these proposals without a prior coordinated plan. They were also quite concerned about the need to exploit their own skills and resources in order to assist "in what is probably the major job of reconstruction and renewal." Also in 1964 the local authority set about discussing with developers the proposals relating to the Town Map which was to provide a framework for developing the town centre. In 1965 a redevelopment scheme was worked out and the Draft Town Centre Map was published.

Agreement was reached between the chosen developer and council that the local authority would acquire an area of Middlesbrough (the Linthorpe Road/Grange Road/Albert Road area). Further shopping space would be reserved elsewhere in the town centre. A whole urban design project was undertaken "having regard to government reports in relation to traffic in towns". The Buchanan Report's recommendations were to

<sup>1</sup>This section is based on information obtained from committee minutes and press cuttings which are referenced in detail in the bibliography.

have considerable influence in the future course of development of the town centre. The emphasis of the Buchanan proposals was the economic efficiency of urban centres in terms of land use and traffic circulation. Accordingly, although the Consultants were unsure of the profitability of the scheme in hand, they were nevertheless satisfied that it was a viable project based on "sound economic principles looking at the town in a regional context."

Although the financing of development and details regarding the 'partnership agreements' were not revealed in the council minutes, there is some information relating to expenditure and phasing of the Comprehensive Development Area No. 2 (Linthorpe Road/Albert Road). The expenditures involved were quite considerable:

	1967/68	1968/69
Acquisition of property	£1,700,000	£1,700,000
Demolition and clearance	£5,000	£10,000
Services		£35,000

The course of the development of the town centre was to change with the introduction of the Teesplan. The Teesplan envisaged changes to the draft Town Centre Map in light of a greater emphasis being placed on Middlesbrough as the Sub-Regional Centre. Investment was to be attracted for the next Comprehensive Development Area involving the provision of an extra 200,000 extra square footage of shopping floor space. An important element in the Sub-Regional Centre Strategy was to employ considerable resources for the linking of the centre with the

<sup>1</sup> This section is based on information obtained from committee minutes and press cuttings which are referenced in detail in the bibliography.

rest of Teesside. This involved the construction of the Northern Route of the A19 and a re-alignment of the A66-A-1085. In this way, town centre policies were linked with the road building programme and the ideology of individual car ownership (see North East Area Study, 1975).

Before the approval of the Teesplan, a Report produced by the Transport Working Party for officers suggested a 30 year phased programme for implementation. At this time there was a lobby from the Linthorpe Trades Association representing small businesses and shops, which supported a linear development which would physically incorporate their businesses in the Town Centre scheme (along Linthorpe Road). The Report overruled objections by stating:

"Any changes from the concept of a compact centre would have serious consequences on the development now taking place in the centre, and investment currently being considered by developers and would delay the preparation of a preferred urban structure plan for Teesside."

Apart from the conflict created as a result of policies favouring the larger retail concerns, there was an additional tension created as a 30 year life was given to many small shops, businesses and residential properties.

Work began on redevelopment in 1968 and was completed in 1974, with the final phase (Hill Street Development) completed in 1982. The major first phase, known as the Cleveland Centre, was opened in 1972 providing 335,000 square feet of shopping and 60,000 square feet of office floor space. In the next chapter we shall consider some of the problems involved in the implementation of the urban renewal scheme.

<sup>1</sup>This section is based on information obtained from committee minutes and press cuttings which are referenced in detail in the bibliography.

## CHAPTER 7

### CONTRADICTIONS AND CONFLICTS OF URBAN POLICY IMPLEMENTATION: THE DECLINE IN CONSENSUS POLITICS.

In Chapter 1 reference was made to the fact that modernisation policies generated tensions and conflicts in their implementation. A detailed study of the issues arising from policy implementation enables a deeper understanding of how the gaps between policy objectives and outcomes occur and why impacts create new and unintended problems which require further interventions by the State. This Chapter looks at the way in which contradictions in policy interventions have emerged through:

- (i) land allocation policies for 'capital intensive industries', and controlling environmental hazards;
- (ii) industrial estate and small firm policies, creating alternative employment opportunities;
- (iii) implementation of urban renewal policies and diversifying the local economy.

#### 7.1 Land zoning capital intensive developments and environmental hazards

The second stage of the Tees and Hartlepool Port- Authority's reclamation plans brought about considerable opposition from conservation and environmental groups over the development of more land for port related industry. The first round of opposition came when the THPA announced plans to reclaim land which was in an area of Special



Scientific Interest due to its unusual bird population. The THPA did not have the statutory powers necessary to reclaim all this land, and thus sponsored a Bill in Parliament to enable it to develop the land for 'port related industry' (Economic Consultants, 1979).

This Bill did not reach Parliament because the required powers were given by the Teesside Structure Plan in 1974 in policies B.1 and C.19. However, at the examination in public of the Structure Plan strong opposition was expressed to the reclamation of this area (Cleveland County Council, 1977).

The panel of inquiry upheld the conservationists' protest in the case of 85% of the land, recommending in this case that the land should not be allocated for future port development. This decision caused a local furore, with all the main unions and employers' organisations lobbying in favour of the original Structure Plan proposals on a 'job not birds' platform (Taylor, 1982). This lobby was certainly influential in overturning the panel's decision by the Secretary of State, who firmly reiterated the significance of Teesside in terms of national economic priorities:

"...the Secretary of State considers that the continued development of the port and port-related industry on Teesside is vital both at a national and at a regional level. He accepts the need for port development in this area may arise quickly and unexpectedly and that, in this situation, it is very important that there shall be freedom for development to proceed. He has concluded that, despite the importance of the nature conservation considerations, it is of great importance for employment in the region and in the overall national economic interest that plans should make provision for the potential need for deep-water facilities by making this land available for 'port-related industry'. (By 'port-related industry', the Secretary of State has in mind industrial development which requires close proximity to deep water berths). (Teesside Structure Plan, 1977 Modification by the Secretary of State)

What was emerging in the late 1970s was a polarisation of opinion about the benefits or otherwise of 'capital intensive' development. This opinion was not neatly divided between trade unions and local employers and clearly cut across class lines. This can be attributed to the influence of modernisation policies and their ability to appeal (although with certain limitations) to most sections of the community. However there are a number of points to consider about the development of, and opposition to, consensus politics in Teesside which stem from the nature of class politics and social traditions.

### Class politics and local representation

Teesside possesses a history of a low level of working class militancy and independent organisation. Gladstone (1976: p 40) in his discussion on the politics of plan making on Teesside compares the history of local political activity in the area, with Sheffield:

"..politics for most people is something done by 'them'. The result is that standards, too, are self defining. As an example, there are on Teesside none of the local protest groups that have sprung up in Sheffield. Often these groups are inspired by people with trade union or university experience. But on Teesside trade unionism is muted (particularly in the chemical industry) and there is no university. The result is an extremely low standard of local government."

ICI especially has a long history of incorporating the trade unions into its long term financial and restructuring strategies. In fact the management-union consultation structures established by the Company is the kind of system that James Prior, the former Employment Secretary, appeared to favour, and saw as a model for other major companies (See Financial Times, 6/3/81). This has spilled over into local political and cultural life and a major contributory factor is the degree of

representation ICI has on the local councils (Taylor, 1982). This representation can be viewed as essential in ICI's influence upon planning and other aspects of local policy. This alone underlines the important role local authority as well as central Government policies have played in ICI's company strategy.

Naturally, not unrelated to this is the nature of the local Labour Party. Carney and Hudson (1978) relate how a strong tradition of a certain brand of social democracy had prevailed within the Labour Party in the North East since the 1930s and this factor is clearly illustrated by the incorporation of local Labour Party policies within the long term political strategies of the local bourgeoisie. The formulation of modernisation policies and the creation of a consensus around these policies illustrates this. This is no less true in Teesside. In fact, despite the changes in control over the local state machinery between Conservatives and Labour (since the late 1960s/early 1970s) there has been a strong continuity in local policies. This is partly reflected by the adherence to modernisation policies of both the local Conservative and Labour Parties, and the right wing nature of the Labour Party itself, reflected in the recent move to the Social Democratic Party by two local Labour MPs.

All the above factors, especially the strong representation of local industrial interests on the local councils together with the weakness, both organisationally and politically, of the local labour movement have shaped the nature of local authority intervention in Teesside and Cleveland over the last 20 years or more.

The more autocratic character of local government intervention can

be illustrated by the nature of public participation programmes adopted by the local authorities. During the late 1960s, with the formulation of local planning policies in the Teesplan, conflicts arose between the coordinator of the consultants and local politicians. Franklin Medhurst, who was the Coordinator, aimed to give the public as much information as possible about the nature of the plan-making process and the issues involved. This was in a period before public participation was formally integrated into Structure Planning.

Naturally this was a sensitive issue and councillors were no doubt afraid of their credibility and power base being threatened. The other source of conflict was over the issue of pollution. Medhurst considered this as a major problem, but again created a great deal of tension between the Tees planners and local politicians because he focussed attention on the major sources of pollution, ICI and BSC. The local politicians denied the fact that pollution was a problem, to such an extent that when the word had crept into the council minutes, it was omitted and replaced by the word 'condition'. (Gladstone, 1976: p 44)

Medhurst was finally sacked in 1967, and the Teesplan was produced four years later in 1971. The question of environmental problems and pollution was however brought into Structure Planning (Report of Survey, 1972) and this was no doubt due to growing individual and collective protest over the effects chemical toxic pollution was having on surrounding residential areas. What was evident was that in the early to mid 1970s there was a growing realisation that the strategies put forward by the local authority regarding the regeneration of the local economy were failing. Local unemployment was increasing and jobs were not being attracted to the area. There is also evidence to suggest that

major decisions about policies and the process of their implementation pre-empted public participation exercises, creating legitimisation problems for local Government. A study of local participation in Teesside criticised the way local authorities brought in the public at a late stage and the limited time made available for consultation. It has therefore been argued that because the decision making process barely reflected public opinion, and the available discretion over policies was severely curtailed by pre-existing decisions, participation techniques seemed an 'empty shell' (Community Advancement Project, 1976). This was no doubt a source of considerable resentment and frustration which possibly added to the questioning of major modernisation policies. The fact that policy objectives were not being realised, together with the effects of the recession on the local population, gave impetus to those groups to oppose policies which contained effects that would threaten the quality of the environment. This is a context for understanding the emergence of an environmental lobby in Teesside, and the conflicts over the land allocation and reclamation policies in Seal Sands.

#### Environmental hazards and deepening contradictions for economic policies

Tensions not only existed between pressure groups and the local authority, but also within the local institutions of the state and between local and central Government regarding future land needs for capital intensive development. This is illustrated by the formulation of policies on the future of the land at North Gare/Seaton Channel, adjacent to the Seal Sands area. In the modifications to the Hartlepool Structure Plan (Cleveland County Council, 1979b) the Secretary of State proposed to make available approximately 440 acres of land at North Gare/Seaton Channel for port related industry on the grounds that

further deep-water port facilities were necessary to meet national port-related industrial requirements. This land has also been designated an Area of Special Scientific Interest because of the wading birds in the marshy area. Both Hartlepool Borough Council and Cleveland County Council objected to these proposals on environmental grounds, and because the THPA had not produced a sufficient case to substantiate doubling the amount of land already zoned at Seal Sands in the Teesside Structure Plan (430 acres) for port-related industry. The final decision of the Secretary of State following Cleveland's objections and those of various other objectors are still awaited. In this case, the interests of the employers' organisation and the main unions again converged against objections to this development on environmental grounds. Teesside Chamber of Commerce argued that "Hartlepool must strike the balance between pollution and jobs", and called for "the very stringent environmental controls" to be relaxed in a period when Hartlepool was faced with 5,000 steel and construction workers being made redundant (Evening Gazette, 1/4/76). The Middlesbrough District Secretary of the Transport and General Workers Union added that Hartlepool must not "put birds in front of human beings". (Evening Gazette, 6/7/76)

As the Hartlepool inquiry shows, the local authorities in Teesside became increasingly concerned about both pollution and safety hazards on Seal Sands, and also about the prospects of having large areas of industrial land for yet more capital intensive industry. This indicated not a sudden reversal of existing policies but a more or less slow movement in that direction. So in the late 1970s there emerged a challenge within local authority circles to the existing consensus, based partly on the conflicts and lobbies over the Seal Sands' policies

but also because of the clear failure of policies to produce their desired outcome.

This shift in policy emphasis also relates to the fact that Cleveland has one of the highest concentrations of potentially dangerous industry in Western Europe. There are 21 hazardous installations and the Health and Safety Executive has identified zones of 1 km and 2 km within which it requires to be consulted in relation to significant numbers of people working and living in the zone. 26,000 people live within 1 kilometre and 72,000 people work within 2kms: "During the last few years there has been an increasing awareness by the public and L.A.s of the problems associated with modern technological development and the conflicts between the need for economic growth and conservation." (Cleveland County Council, 1979d: p 109). The Cleveland Health and Safety Executive had indicated that they wished to be informed about applications for planning permission which affect property within two kilometres of any listed major hazardous plant. The concern is with any significant increase in the number of people at risk living or working within these areas. In Cleveland the number of major hazardous installations and their location is such that the two kilometre zones cover most of the built up areas of Stockton, Billingham and central Middlesbrough. Both the Health and Safety Executive and Cleveland County Council recognise the prejudicial effect that these installations can have upon the future development of these areas, and also the delays caused by the consultation procedure on planning applications (Cleveland County Council, 1979).

The much delayed nuclear power station at Hartlepool (due to come into operation in 1982) adds further to the risks of the area. A safety

zone has been designated around it which includes parts of the Seal Sands and the industrial areas of Hartlepool. This zone will present problems for expansion of other potentially hazardous industries in the area. However, in an area of high unemployment, jobs alone have been seen by some as more important than considerations of hazard or pollution. Hartlepool B.C., which administers an area experiencing heavy job losses largely due to contraction in the local steel works, has been keen to attract industries of any kind, regardless of hazard. In 1979 Hartlepool, together with the Northern Economic Planning Council, lobbied to have one of the new batch of fast breeder reactors to be located in Hartlepool to bring in new jobs (Evening Gazette, 6/6/79).

Hartlepool Council has also been notable for relaxing safety standards recommended by the Health and Safety Executive (H.S.E.) and supported by Cleveland County Council. In one case, for example, Hartlepool first allowed a chemical company, Magnachem Ltd., to build a plant in close proximity to a residential area and then supported its application to store over twice the amount of ethylene and propylene stipulated by Cleveland County Council and the H.S.E. as a condition of approving its planning application. Hartlepool Council argued that, by accepting the safety recommendations of the H.S.E., the area was "putting itself at a disadvantage by imposing conditions of this nature" (See Planning Application CH/600/75, C.C.C. Planning Committee 15/7/76 and 30/12/76). After a number of meetings and considerable pressure placed upon the County Council, a final agreement was reached and Magnachem's application was passed in its original form (Cleveland C.C. Planning and Industrial Promotion Committee (Special), 18/10/79).



This relaxation of safety standards as part of the scramble for jobs may not have been important were it not for the fact that the Magnachem site is virtually adjacent to the former village of Graythorpe, which was completely surrounded on all sides by petro-chemical and oil plants. The 1971 Working Group which examined the possible impact of the new oil-related developments on residential areas in Teesside concluded that:

"..the clearance of High Clarence, Port Clarence and Graythorpe would add significantly to the amount of land available for the full range of production and storage facilities." (Teesside County Borough, 1972)

Hartlepool Council refused to clear Graythorpe, despite protests from the residents living there, on the grounds of the cost of clearance and of rehousing the residents. The residents' protracted campaign to be rehoused was finally successful and in October 1979, Michael Heseltine, the former Secretary of State for the Environment, ordered the Council to demolish all the houses in Graythorpe at its own expense. The decision of the Council in July 1979 to allow Magnachem to develop its potentially hazardous plant "only feet away from the Graythorpe houses" was thought to be instrumental in bringing about the DOE's decision some three months later. It is also interesting to note that Magnachem had relocated from Pickering where it had been 'thrown out' because of the Company's frequent disregard for pollution safeguards (Northern Echo, 10/7/79).

There are indications that the 'jobs at all costs' philosophy which has been very much bound up with the politics of modernisation has been challenged in recent years. Local residents living around the chemical/oil complex at Seal Sands have become more aware of the

potential hazards of certain installations and are opposing new plants that are hazardous. In Hartlepool, for example, the central government wanted to site a new titanium plant, a move which the council supported. After a local public meeting and a well organised demonstration, local residents managed to convince the planning authority that the proposed plant should not be encouraged to locate in Hartlepool. After the public meeting one resident wrote to the local newspaper expressing fears about the implications of siting the plant in the area:

"They said that it couldn't happen in Flixborough, but it did. There the residents had been told that that particular plant was safe and houses were flattened miles away. Can one imagine what could happen if a vast explosion occurred at the ICI or a nearby site causing a chain reaction. Flixborough would be like a five pence banger going off in comparison to a hydrogen bomb." (Hartlepool Mail, 20/7/79).

Another resident argued that:

"The North East has been exploited by just about everyone and everything in the name of progress to the detriment and complete disregard for the area or its people. The jobs involved are but a drop in the ocean and not worth mentioning, compared to the danger to the health of our area." (Hartlepool Mail 20/7/70)

#### The case of Carless Chemicals

The most recent issue concerning the location of a plant belonging to the firm Carless Chemicals in Middlesbrough town centre has raised a number of important questions about the future strategy of local Government environmental planning policy towards hazardous or potentially hazardous industries in Teesside.

In 1976 the County Council's plans to design the Northern Route Stage III road through the central area of Middlesbrough met with some concern from the Health and Safety Executive (HSE) due to its proximity to the ethylene oxide storage tanks on the Carless Chemicals site.

Ethylene oxide is a colourless gas classified as moderately to severely toxic and concentrated exposure to it is lethal. It is a dangerous fire hazard but will only explode when exposed to flame. One of its uses is in the manufacture of ethylene glycol which is a base product of anti-freeze. The manufacture of ethylene oxide involved the introduction of a process which did not require planning permission as it was permitted development within Class 8 of the Town and Country General Development Order, 1973. The construction of the plant was carried out within the recommended safety measures imposed by the HSE. The conflict between the local authorities (Cleveland County Council and Middlesbrough Borough Council) and central Government arose when the HSE made their comments on the siting of the proposed Property Services Agency in the town centre:

"Although the likelihood of an incident occurring is small, it would be unwise to further develop for housing in the radius within 500 metres of the ethoxylation plant at Carless Chemicals Ltd. In addition it would be unwise at a distance between 500 metres and one kilometre to consider any developments higher than 2 storeys or with large exposed window areas and a high density population. These views have been formulated on a calculation based on the TNT equivalent and while no strong claims are made for their accuracy they form a basis when other more detailed or accurate means of determination are not available. They are a guide, in many cases, the only guide, to hazard limits." (cited in joint local authority Report on Carless Chemicals)

The controversial aspect of the HSE's recommendations were as follows:

- "(a) If the ethoxylation plant remains, there should be no close development around the works as outlined in para. 2.
- (b) If the plant is removed, then the grounds on which we are advising against development would be eliminated."



The local authorities report went on to outline the main points of negotiation between the Company and the local authorities, and with the HSE. The option of further restrictions (or any at all) being placed on the Chemicals Company as regards the prevention of any further creation of hazardous processes was rejected by the Company on the grounds that; "...the restrictions would place Carless Chemicals in a worse position than their competitors." The Committee Report raised what seemed to be the central issues about controlling industrial development of this nature:

"The problem in part, arises from trying to use general powers available under planning legislation to control an "open ended" problem if we take into account advances in technology which may produce new materials."

The central point of conflict between central and local Government lay in the use of powers; as the leaders of the two councils stated in their letter to the Times (7/7/81), although the Company has complied with the Health and Safety at Work Act, 1974 regulations in its introduction of new processes, the plant nevertheless represents a potential environmental hazard to what would be, if redevelopment took place, a relatively highly populated area of the city. Whilst the HSE reckons that existing planning powers could adequately cope with the problem, the local authorities argue that it is a matter for the HSE to use its executive powers in removing and relocating the plant elsewhere.

The dilemma faced by the local authorities, as clearly stated in the Committee Report, has been about what course of action to take. The following options were considered:

- (1) Appropriate and relocate the plant elsewhere in Teesside and

continue with the redevelopment programme-requiring considerable public expenditure;

(2) 'Take the chance' that the plant was safe and continue with the urban renewal programme;

(3) To take heed of the HSE's advice and thus face the prospect of central area blighting, which would be politically unacceptable.

The option chosen was to take an 'interim strategy' including a publicity campaign, lobbying of central Government, continue granting improvement grants for a Housing Action Area and continued discussion at a Ministerial level.

Three important questions are raised in this particular instance:

(1) What are the implications of the Carless case for control over pollutant industries in Teesside?

(2) Why have the HSE made such recommendations at this point in time?

(3) What are the implications for legislative and policy control over industrial development in the area?

The existing legislative framework for controlling pollution is the Health and Safety at Work Act, 1974 and the 1971 Town and Country Planning Act which covers control over development. In 1972, the Secretary of State issued a Circular to local planning authorities giving guidance on planning applications involving major hazards. A

major hazard is defined as "...a situation where, if any incident occurred, there might be substantial loss of life or serious injury outside the confines of the work place." Following the Flixborough disaster in 1974 the guidelines stressed more stringent controls over the siting of hazardous or potentially hazardous processes. However, at the level of legislative control, the Royal Commission on Health and Safety had already concluded that the planning machinery was not devised as a means of protecting the public against industrial hazards. Subsequent reports on this question have been published by the Advisory Committee set up by the HSE. In 1979, the Committee produced a Report which outlined the standards for the storage of dangerous substances whereby quantities in excess of recommended thresholds needed to be notified to the HSE. In terms of planning control, the Report considered that a material change of use should include the introduction of a hazardous process. However this element has not been incorporated into existing legislation and it is primarily left to the remit of development control policy for controlling the siting of hazardous or potentially hazardous plants. The question of safety is left to the bargaining strength of shop floor organisation at the work place in implementing Health and Safety Legislation (see Kinnersley, 1977 for an excellent discussion on this).

The weaknesses of legislative control over the siting of hazardous plant are obviously reflected in the nature of industrial development which has occurred in Teesside over the past 20 years or so. As mentioned above, even the most stringent development control policies, backed up by a strengthened legislative framework, have little effectiveness if the majority of interests do not wish to see them implemented. Certain development control guidelines regarding

industrial development have been relaxed because of the fear of putting off prospective developments. The "jobs not birds" lobby tended to consider that industry should be encouraged at any price. This attitude may be changing with both a greater community awareness about the effects of industrial pollution on the local environment, and an increasing questioning within local authorities about the actual employment benefits of capital intensive industries, and the fact that these developments can adversely affect the image of the area.

The case of Carless Chemicals, then, could partly reflect a shift in policy towards pollutant industries. It does represent an example of a situation when the State will act against the interest of a particular capital if that stands in the way of securing major policy objectives: in this case the implementation of a programme of social infrastructural investment. Carless does not represent a vital feature of the local economy in the way that ICI does. The political influence of ICI on policies cannot be under-estimated. The fact that ICI can relocate its plant if conditions become unfavourable for profitability is obviously a key factor that restrains the enforcement of rigid land use planning controls. Hudson (1981) in his study of the development of ICI in Teesside cites the example of ICI's location of its PVC and chlorine capacity in Wilhelmshaven rather than in Dunkirk being related to the fact that "German politicians at both city and regional level were the most helpful ICI had met." Therefore it is unlikely, unless there is a mass widespread social protest that the HSE will make similar interventions against the multi-nationals as it did in the case of Carless.

In one sense, Carless represents a political crisis for the State

with regard to control over pollutant industries. The explosions at chemical plants in Staleybridge and Salford, near Manchester, in 1981 and 1982 respectively and subsequent national publicity has placed pressures upon the HSE to be seen to be carrying out its functions by making the local authorities aware of the potential dangers that a chemical plant represents. This question of legitimation has spilled over to the responsibilities of local authorities who are campaigning vociferously to force central Government to act and remove the plant.

This implies that the Carless case may have wider repercussions regarding both local authority policy and the influence of the environmental lobby on the siting of industries in Teesside, and possibly the future development of the area as 'a dumping ground' for hazardous industries.

#### Politics of land zoning

The growing objections to allowing further large scale petro-chemicals development were not solely based on concern about hazards and pollution, but also on the demands to attract more labour-intensive industry into the area. In the early 1970s the euphoria which surrounded the potential of oil related development for Teesside led to wildly over-optimistic projections of new jobs (see Cleveland County Council, 1979). As the oil related development got underway, it was recognised that investment by oil companies in the area would produce relatively few jobs, and that employment in 'spin off' industries, such as the oil platform construction site of Laing's which had closed by 1979, would also be very limited. It was thus proposed that more land should be zoned for 'light' industry in order to redress



Teesside's heavy industrial image and help to attract more small labour intensive companies.

However, the existing oil and chemical companies, together with the THPA and the main unions, have historically formed a very strong lobby in Teesside for the continued and unfettered development of 'heavy industry'. Attempts by the County Council to reduce the amount of new land being zoned on Seal Sands for such developments have been strongly resisted by this lobby. For example, it was proposed that north of the Tees, where the Tees Tunnel was to be located, a certain amount of land would be allocated for light industrial uses. This proposal was strongly favoured by the County Council planners but rather than proceeding with the implementation of the policy, the County Council merely 'noted' the plan rather than forcefully supporting it. Gill Taylor supplies evidence that this particular policy was made ineffective by the pressure placed on the Council by ICI (Taylor, 1982). An interesting example of ICI's influence upon the local authorities is when the County Council agreed to ICI developing a general industrial estate on 20 acres of land near Port Clarence subject to the condition that the industry would be 'non polluting and non hazardous'. It was also agreed that the estate would be developed by labour intensive industry. In fact neither happened. The Calor Gas Group Ltd applied for permission to extend their premises and installation and take up 10 acres of the site. Because of the lack of political commitment to the above policies conditions on the development were relaxed and the expansion went ahead.

## 7.2 A critical evaluation of industrial estate and small firm policies

There are two questions to be considered when evaluating industrial estate and small firms policies;

- (1) Have industries located on the estates provided the jobs to compensate for jobs lost in the chemicals and steel industries?
- (2) Do the small firms, in reality, provide the major source of employment growth in the Cleveland economy?

A Survey of Industrial estates undertaken by Cleveland County Council in 1977 reveals that net employment growth in 16 industrial estates between 1972-1977 was 7,460 (Table 17). As part of this research, a study was undertaken, using the Cleveland Manufacturing Establishment Data Bank as the major data source. This data bank comprises information on employment changes of manufacturing firms, by location, covering a period 1965-1971-1977. Details were available also on ownership, and male/female employment. The methods of Robinson/Storey research on the Cleveland economy are described more fully elsewhere (Robinson and Storey, 1979 and 1979a). This particular industrial estate survey covered 12 industrial estates in Cleveland involving a total 105 firms. (see Table 18) Although the survey was by no means fully comprehensive, the results confirm trends identified in previous analyses about the location of branch plant and 'mobile' industry on industrial estates. Between 1965-71 there was an overall increase in employment of over 1600, and this mainly comprised new openings. Between 1971-1975 however, there was a decline in total

employment, with employment levels returning to those which existed in 1965. It has been argued that in Teesside, female activity rates are significantly below the national average (see North, 1975: pp 121-122). The Survey revealed that a substantial proportion of total employment on the estates was female - in 1971 this was nearly twice that of male employment. This seems to confirm the suggestion that a major reason for choosing Teesside to locate factories or branch plants was because of the availability of female labour reserves and that as a result industrial estates provided significant sources of female employment in Teesside. It is also interesting to note that of all the firms surveyed, over 40% were owned and controlled outside Cleveland. Furthermore, a large proportion of total employment loss involved plant closures, although it could not be identified whether these involved complete closures or relocations elsewhere. If we combined the results of the two surveys, the major source of employment generation on the industrial estates has been warehousing, distribution and services. However it is clear that overall employment growth in the industrial estates has not compensated for employment losses in, for example, ICI and BSC. An assessment of the policy of small firm formation as encouraged by local authorities (and more recently by ICI and BSC), must be made in relation to employment changes by individual units of production.

In their study of the Cleveland economy, Robinson and Storey (1979) classify company openings by type and origin (Table 19). Taking new indigenous firms first, it is clear that over the period in question, (1965-77) these firms contributed relatively little to employment. Although the number of indigenous firms was large (188), these created only 3,725 jobs in total. The authors of the study compare the new firm

formation rates in Cleveland and the East Midlands, taking into account data differences. They show that even if Cleveland's rate of new firm formation were raised to that of the East Midlands, this would create only about 700 extra jobs over an eleven year period.

In the light of the small firm's policy pursued by the local authorities, Storey and Robinson's study is very interesting. The data shows that new independent company formation is not likely to make a significant difference, at least in the short-medium term. It is also argued that exogenous openings are related to regional policy initiatives. The data suggest that exogenous openings accounted for 93 out of 303 new establishments (31%) but provided 74% of employment. However, the creation of 11,392 jobs in exogenous establishments by 1976 must be set within the context of over 34,000 gross job losses since 1965 and a progressive decline in branch plant movement in recent years.

There is another aspect to the attraction of exogenous plants in Cleveland. Robinson and Storey argue that:

"..it may be the entry of large branch plants from outside the area that has depressed the level of entrepreneurship and new firm formation in the County. There may be a second dilemma between making a short/medium term impact upon employment by attracting branch plants, but in doing so weakening the entrepreneurial base upon which self sustaining growth in the long term has to be built." (Robinson and Storey, 1979)

However, this pattern of employment change is only partly to do with the various regional and local authority policy measures designed to 'attract' jobs. It is argued here that the combination of regional and urban policies and accumulation imperatives, which have involved the location of branch plants in Teesside as part of the restructuring strategies of larger national, and in the case of the chemicals sector,

multi-national companies in the face of increasing international competition and the economic crisis, account for the changes in the Teesside economy in the 1970s. In Chapter 1, in discussing the background to State intervention in Teesside, we noted how State spatial policies became increasingly integrated with the National Industrial Strategy that sought not only to restructure capitalist production but also the State. Regional and urban policy had lost many of its traditional egalitarian aims in that regional aid ceased to be conditional on the generation of employment, was channelled to capital-intensive industries, and was often given to firms that would in any case have located in assisted areas. In Cleveland, for example, the area has received as much regional assistance as the whole of Wales and half as much as the whole of Scotland but manufacturing jobs have been lost through closures and contractions - both in the 'traditional industrial sectors' and those located on the industrial estates. This situation has become more acute since the end of the area's investment boom in 1976: more jobs have been lost through closures in the four years 1976-79 than in the eleven years between 1965-76. In addition, the forms of regional assistance available have not directly encouraged the diversification of the economy through further industrial developments. The combination of these factors with the conflicts between the development needs of the larger capital intensive firms and smaller, 'light' industries has effectively increased Cleveland's vulnerability to closures or contractions in its two main sectors (see Taylor, 1982).

Viewed in this light, the limitations of small firms policy are evident. Although the County Council are currently pursuing active financial support for small firms through Section 137 of the 1972 Local

Government Act, at the same time there is a growing scepticism about the short or medium term benefits of this policy. The 1979 Monitoring Report produced by the County Council stated:

"There are those who believe that the birth of new small businesses in Cleveland is vital to the future of our economy. Certainly small manufacturing firms (i.e. less than 50) have shown better records recently for job growth than larger firms which tend to have declined from 1965 to 1976. However the actual contribution to the total number of new jobs in Cleveland, made by small manufacturing firms is minimal. Certainly we cannot look to such firms to make substantial inroads into our unemployment totals, at least in the short or medium-term."

(Cleveland County Council, 1979d: p 28)

The significance of the above statement is that it forms a section of opinion within the local authority which clearly questions existing policy initiatives. The formation of alternative policies clearly reflects this questioning process (see Chapter 9).

It is clear that in the most recent period (i.e. 1979-82) the challenge to the politics of modernisation has not only emerged within the local community over environmental issues, but also within the State itself expressed in the conflict between local and central Government. The Examination in Public of the Structure Plan revealed conflicts between the local authorities, especially Cleveland County Council, and the THPA over the zoning and allocation of land for port-related industry. In this case, central government decided in favour of the Port Authority and thus capital intensive industry. The maintainance of Teesside as a Port zone, which would provide an ideal location for advanced sectors dealing with raw material production (chemicals), has been a consistent priority for central Government.

The recognition that these national priorities have conflicted with

local economic policy objectives towards the creation of a 'balanced' economy, has led to a dilemma for local authorities. Long term planning objectives pursued by local authorities have been mutually contradictory - they have assisted through infrastructure provision in the restructuring of the steel and chemical industries whilst at the same time, through industrial estate provision, provided little contribution to reducing unemployment in the Cleveland economy. In many ways, policies have been continually constrained by the actions of individual firms. The optimistic forecasts of the Teesplan and the vague notions of diversification have ideologically legitimised these policies. Thus the contradiction between intentions and outcomes inherent in State intervention is clearly illustrated in the formulation of industrial land policies over the past 15 years. Inner city policies have only served to bring these contradictions more to the surface as local government has attempted to tackle the worst excesses of restructuring, reflected in the socio-economic decline of inner Middlesbrough. Furthermore, national State economic policies, which have been geared towards fiscal measures to reduce public expenditure, have placed severe constraints on local authorities in dealing with the economic and social problems associated with high unemployment. These are some of the issues which we will return to in our concluding chapter. (Chapter 9)

### 7.3 Politics of urban renewal and the Sub Regional Centre Strategy

It is difficult to assess the precise effect that the clearance of the town centre and comprehensive redevelopment had upon the local population. It is even more difficult to trace the response by the local population to such upheaval. However, minutes of the Town Planning Committee and Town Centre Development Committee indicate that

there were a number of petitions made by local shopkeepers and residents expressing concern about the uncertainty and blighting effects that the redevelopment scheme was having on the area (see Gladstone, 1976). A number of sociologists and planners have written about the social consequences of urban renewal programmes which were introduced in the major conurbations throughout the 1960s (e.g. Jackson, 1981). Many conclude that schemes were too 'ambitious' or that local Government officials were 'insensitive' to the needs of the local population. In retrospect, these criticisms are valid and hold some ground. But they fail to take account of the fact that conditions of accumulation in this period required spatial restructuring of urban centres in order to provide some of the material conditions of capitalist production (services and modern infrastructure). Because of the nature of fixed capital investment, with the relatively long turnover time generally involved, the State (through local and regional institutions) was required to take an increasingly interventionist role in renewing the built environment (see Harvey, 1978). This role was not just in the field of public investment but also in the form of management and the creation of more sophisticated urban planning machinery. In terms of class politics and vested interests there was the powerful influence of the road and transport lobby (Plowden, 1973 and Hamer, 1974). This lobby comprised civil engineering concerns, the motor and oil industry and the road haulage industry. Barbara Castle was to remark at the time when the lobby was considerably influential:

"When I took over as Minister of Transport the most vociferous lobby in this country was that represented by road interests. The propaganda and pressure groups led by the British Road Federation said that we must concentrate all our resources on building the first 1,000 miles of motorway. The environment lobby had barely been born. When I tried to suggest that there were other considerations that we should bear in mind I had an uphill task because about the whole of public opinion



and the then opposition were against me." (cited in North East Area Study, 1975: p 228)

It was clearly stated in the Teesplan and council policy documents that the future design of Middlesbrough's central area would follow quite closely the guidelines set down in Colin Buchanan's "Traffic in Towns" (1965). The Sub Regional Centre policies were as influenced by the above lobby as in other areas of the country. The massive road programme planned for Teesside in the early 1960s, following the recommendations of the White Paper, is an illustration of this.

The influence of community pressure groups was one of modifying rather than substantially changing policy decisions. As we have remarked earlier, the level and existence of independent working class organisations (eg Trade Union rank and file, community associations, etc.) has been at a low level. At the same time, attitudes within local government were such that little relevance was seen in the process of consultation. This is reflected in the Report (cited above) which had overruled objections to the Town Centre Plan by arguing that delays in decision-making would not attract "investment currently considered by developers." This was also at a time when the recommendations were being made by the Planning Advisory Group that public consultation was an important and integral part of the planning process. The attitude within local government, as expressed by the Development and Planning Officer appointed on the completion of the Teesplan, was that development had to override other aspects of planning such as social considerations. Gladstone describes the "getting things done" mentality which existed at this time:

"'Getting things done' depends on an argument that goes as follows. The first priority is bringing jobs to the area;

being able to attract employers depends on their attracting bright young executives. And this in turn depends on being seen to do 'prestige' projects which get you into the twenty-first century. And this is largely a matter of building large scale city centre development and a system of urban motorways." (Gladstone, 1976: p 50)

However, the sub-regional plan did not proceed without opposition. Lynch (1976) in his study of a residents' association in North Ormesby, an area affected by major road proposals, describes how it was formed over environmental issues and conflicts over involvement in the policy process. The Association was initially set up by ward councillors at the time the Neighbourhood Organisation Strategy was being encouraged by local and central government. As blighting affected the area (situated due east of the town centre near the riverside) residents became disillusioned with their representatives as it was evident that major urban renewal policies were adversely affecting the general environment of the area. This was reflected in the statement of one resident who claimed "that the councillors had only formed the group to manipulate it".

An interesting aspect of Lynch's study is how sources of militancy in the Association stemmed as much from the lack of consultation and involvement in the decision making process as with the tangible effects of policy decisions. The Association began to bypass the decision making process by formulating their own 'alternative plan'.

"As ratepayers we want to show the council exactly what we are after. To be quite honest, I feel that we do much of the work for the councillors. I am not completely happy with the interest some councillors have shown towards our problem."  
(Evening Gazette 19/4/75)

At a public meeting, open conflict was revealed between the

residents and the local authority. A planner at the meeting considered that there was no difference between their plan and the one produced by the residents. There was an uproar at the meeting when the residents argued that their plan was very much in conflict with the one produced by the planning department. (Lynch, 1976: p 56). Although it would be wrong to generalise or draw concrete conclusions about the degree of conflict that existed over the Sub-Regional Centre Plan from Lynch's study, Gladstone (1976) suggests that the local authority pursued a policy of incorporation whilst at the same time attempting to legitimise its authoritarian approach with the ideology of needing to 'get things done'.

#### Problems in the implementation of urban renewal policies

Retail development in Middlesbrough was considerably delayed because of the recession, and due to the uncertainty regarding the possible development of out-of-town 'super stores'. This was a source of competition to town centre stores and it was only when confirmation was given by the local authority that such developments would not take place (being actively discouraged in Structure Plan shopping policies) that major stores decided to move into the Hill Street area. (Evening Gazette, 7/8/72)

The active promotion of spatially centralised shopping facilities in the town centre was nevertheless undermined by the ASDA superstore proposed development at Eston in 1978. Structure Plan policies, although discouraging the development of the store, were 'modified' because of considerable pressure brought to bear on the local authority

by local residents and politicians. There was a five week public inquiry in which the major issue to arise was the existing lack of shopping facilities in the Eston area, and the high level of local unemployment. The inspector overruled objections from Cleveland County Council by arguing that Middlesbrough was already an adequate provider of convenience durables (Evening Gazette, 16/10/78).

Another instance when the future of the Sub-Regional Centre Strategy was undermined was with the case of the attraction of the Department of Environment's Property Services Agency to the area. In fact a substantial component of the ideology of large scale redevelopment and provision of an "attractive town centre" was that prestigious developments would be encouraged to locate in Middlesbrough. It was only after some considerable lobbying on behalf of the local authority that the Government, in 1976, decided to locate the PSA offices in Middlesbrough. This was, at the time, part of a conscious policy of office decentralisation. A site was cleared and services were provided costing the local authority approximately £1 million.<sup>1</sup> Approximately 3,000 jobs were expected to be provided by the development. However, in 1979, when the Conservative Government returned to power, the decision was reversed as a major shift in policy away from decentralisation of office location was implemented, reflected in the abolition of the Location of Offices Bureau.

Whilst a combination of the effects of recession and changes in central Government policy were important factors responsible for the

<sup>1</sup> (Source: Officer in Planning Department)

problems encountered in Middlesbrough achieving its major sub-regional centre status as envisaged in local authority policy documents, they were not the only factors. Local government reorganisation attempted to resolve the potential conflict in land use planning likely to be created by major changes in the location of economic activity, by creating unitary authorities responsible for a clearly identifiable metropolitan (or conurbation) area. Reorganisation at the same time only served to heighten tensions within the State, i.e., between vested interests representing district authorities comprising major town centres (in Cleveland: Redcar, Billingham, Hartlepool and Stockton). This conflict was over the relative status of these urban centres in the shopping and office development hierarchy set down in the Structure Plan. An example of this conflict was when the British Steel Corporation closed its steel plant in Hartlepool in 1978. Representing the steel workers in their lobby of Parliament in their campaign to prevent the closure, the Labour MP for West Hartlepool, when arguing for more office jobs for the town, criticised the Structure Plan policies in their assumption that a spatial concentration of commercial activity in one centre will benefit outlying areas (Leadbetter, 1978). It is possible to assume that such pressure had some effect in the DOE's modification of the Structure Plan's office policy:

"Their current policy has the fundamental aim of obtaining the employment which comes with office development. As regards the location of offices, they still wish to give the sub-regional centre first priority, but they do not wish to enforce this priority to the extent that potential employment would be lost to the County." (Cleveland County Council, 1979 Modification to Structure Plan)

A recent monitoring report on the sub-regional centre policies raises some interesting questions regarding the effects of policies and future developments in the town centre (Cleveland County Council, 1979c). The Report considered that Middlesbrough had "outshone" other

centres in the sub-region in terms of office development. In the 1970s new offices housing the County Council Headquarters, the local head office of the Employment Service Agency and the Department of Trade and Industry were developed in the town centre. In addition to these major developments, Middlesbrough became the focal point for the location of local building society offices serving the Cleveland area. It can be argued that this pattern of office location was to be expected considering the amount of public investment that went into the provision of infrastructure and servicing sites in the town centre. The Report did add that the cancellation of the location of the PSA to Middlesbrough was a "severe set back to the development of Middlesbrough as the sub-regional centre. It means that yet another large area of vacant land now faces an uncertain future, adding to the already considerable acreage of vacant land in and around Middlesbrough." (p 11)

As regards policies which have attempted to attract major retail stores to the town centre, they have met with some success although the effective catchment area of the centre does not significantly go beyond the Stockton and West Hartlepool areas. In fact the town centre does not offer significantly more in terms of range and variety than exists in Stockton and Hartlepool. Specialist retail functions have not been established in Middlesbrough although this was the intention of the Teesplan. The envisaged role of Middlesbrough acting as a centre for culture and entertainment has not materialised:

"If Middlesbrough is compared with other centres of similiar size it does emerge rather badly in terms of entertainment facilities. For example it has no sports centre, no theatre and no major art gallery." (Cleveland County Council, 1979c: p 11)

In a review of employment forecasts for Cleveland, the County takes an extremely cautious view of the likely future creation of service and

office jobs in the County. Undoubtedly these forecasts are influenced by the apparent failure of the Sub-Regional Centre Strategy to achieve its original objectives in terms of attracting 'alternative' forms of employment on a significant scale. This point will be examined in greater detail below.

The Sub-Regional Centre policy (or package of policies) as a means of attracting alternative forms of employment was given impetus during the late 1960s - early 1970s when labour shedding was occurring in the Steel and Chemical industries. The large scale infrastructure activity undertaken by the local authority in the PSA site is an example of the lengths to which the local authority is willing to go to attract office employment to the sub-region. On the other hand, industrial change in the various dominant industries has no doubt had a negative influence on the development of the Centre. Increasing local unemployment has had an impact upon living standards, compounded by the fact that the sub-region has a lower than national average female activity rate. One can infer from this that a large proportion of families depend upon one income or upon unemployment and related benefits. Therefore local consumer demand has been reduced to a level below that planned for in the Teesplan. In fact the reality of events (including the failure of Teesside to obtain a university) only serves increasingly to question the assumptions made in the Teesplan. These assumptions relating to employment projections will be critically examined in the concluding part of this Chapter.

### Sub-Regional Strategy and conflicting responses

In his study of town centre renewal and the role of local authorities, Gough (1976) selects five themes around which we can concentrate our discussion on the Sub-Regional Centre policies and their relationship with sub-regional planning in Teesside. These themes are as follows:

- (a) The accommodation of the local authority to the needs of the developers and user firms;
- (b) The interaction of (a) with the need to limit State expenditure;
- (c) The reflection of these and other contradictions in local authority planning;
- (d) The extent to which these contradictions break through in spite of that planning, and;
- (e) The employment implications of these policies.

#### (a) Accommodation of the needs of developers and user firms

In the White Paper on the North East and the Teesplan there was a conscious intention to attract and subsidise development capital as a means of renewing town centres in the sub-region. In the late 1960s the



Teesside County Borough negotiated with developers to create prestigious office and shopping developments. Their profits were guaranteed through land assembly, compulsory purchase of properties and servicing of sites. In the case of Middlesbrough, there is little information regarding the level of public expenditure involved except for the figures cited above. Gough (1976, Chapter 7), in his survey of a number of town centre schemes undertaken during the early 1970s, argues that local authorities have continually subsidised development capital by accepting low initial returns on land value and the revenue losses that these frequently entail. In Middlesbrough, partnership arrangements were made between the local authority and the chosen developer. This type of arrangement (when the local authority remains the major land owner) benefits the developer because it avoids the uncertain time factor and associated costs and risks involved with site acquisition. The developer can wait until the market picks up before moving in to build on the site. This occurred to some extent with the development of the Cleveland Centre but especially so with the Hill Street area. This is why the planning and phasing of site development are crucial in terms of avoiding extensive losses.

Apart from direct expenditures, the local authority, through its strategic planning policies, will guarantee the profits accrued from development. In Teesside, a major feature of the road programme was the linking up of the Middlesbrough town centre with the hinterland in order to maximise accessibility to retail users. A major proposal of the structure plan was the realignment of the A 19 to the east of the town centre (known as the Northern Route) and the South Bank East/West route. In line with this road programme of linking the various urban centres in Teesside was the strategy of spatial concentration of development. This

spatial concentration of investment in urban redevelopment has enabled both the restructuring of development capital (and civil engineering firms) and retail capital by promoting centralisation and by forcing out the less competitive elements (e.g. shops along Linthorpe Road).

(b) Fiscal limits to public expenditure

Naturally the pressure of developers' requirements comes up against the limitations imposed on local authority expenditure by central government. During the 1970s, expenditure constraints have become severe, creating delays in the programming of the Hill Street shopping area. The form of intervention the local authority takes can be understood as an interaction between two pressures: the imposition of curbs on spending and pressure from developers. At the sub-regional level the curtailment of part of the road programme (eg. the Marton North South Link Road Structure Plan Modification, 1977) and delays in the phasing of development have led to blighting and environmental problems and created additional uncertainty about the future of the centre.

(c) Contradictions in local authority planning

In the 1960s, pressures on local authority planning produced responses in the form of the adoption of different methods (eg corporate planning) and long term programming of policies and investment. The creation of a centralised state apparatus has been reflected in the reorganisation of local government. Whilst the County Council has been supposedly concerned with strategic planning questions at the sub-regional spatial scale, local authorities have been concerned with

local planning and details of implementation. In the case of the development of the sub-regional centre at Middlesbrough, this has created conflicts over local authorities' Structure Plan objectives creating a 'hierarchy of shopping and commercial centres'. Even at the outset of the Teesplan, the Stockton Labour Party, in partnership with a property firm, envisage comprehensive redevelopment of the Stockton High Street giving Stockton a highly competitive status in relation to Middlesbrough. This conflict was not based purely at the level of general policy. Vested interests saw the redevelopment of the Stockton town centre as a highly profitable venture. Gladstone describes the processes and rationale behind Stockton's town centre redevelopment as follows:

"The town had commissioned John Poulson's firm to do a study of shopping needs. As is often the case when private firms are given a commission like this they took the hint and showed that there should be more shopping space. Some big retail chains and a developer built the new shopping area. Obviously this suited the developer. It also suited the chain stores. Knocking down small shops and building big new ones improves their competitive position and increases their assets." (Gladstone, 1976: p 52)

Interestingly a number of these contradictions permeated the County Council's appraisal of the Sub-Regional Centre Strategy. A list of the disadvantages of the current policies are presented as such:

- "(1) It could restrict and inhibit growth of other centres in the County and therefore is contrary to some District Council aspirations;
- (2) It could go against the current shopping trends towards out of town shopping;
- (3) It could push up land values in the main centres; and,
- (4) It could require expensive infrastructure, for example extensive car parking." (Cleveland County Council, 1979c: p 19)

(d) New set of problems and contradictions

The re-evaluation of policies, although part of the Structure Plan's monitoring exercise, reflect attempts by the state to come to terms with the conflicts described above. However, State planning strategies in the case of sub-regional centre policies are unable to contain new sets of contradictions which hinge around the following:

- (1) Politicisation of individuals and groups as redevelopment programmes create social upheaval. This is an issue which not only applies to residents directly affected by redevelopment and road plans, but also the movement of population to the outlying areas. The latter aspect has involved increasing problems with accessibility by public transport to the town centre. In the late 1960s, a severe crisis became evident in the local public transport system, partly due to the priority of spending upon roads (see various Evening Gazette articles of this period).
- (2) The crisis in the property market, which has been an endemic feature of the 1970s, has affected the pace of renewal and confidence in policy implementation.
- (3) During the late 1970s, a legitimisation problem occurred because the basis of the strategy as a means of creating an image of prosperity broke down, as the recession has led to increased local unemployment and reduction in consumer spending and its volume in the town centre (although this applies also to other centres in the region).

- (4) The fact that the local authority has little control over the location of investment in the private sector (firms taking over office space), whether it relates to property or 'user' capital, places a continuing question mark over policy assumptions which claim that facilitating expenditures will achieve a level of employment, relating to the original Teesplan projections. This particular aspect of the policy has been made relatively ineffective by the actions of other units of capital and nationalised industries which have continually been involved in labour shedding throughout the 1970s.
- (5) Finally, as the recession deepened, and 'pockets' of local unemployment appeared within the sub-region, local authorities have tended to place an emphasis upon policies which contain potential conflicts at the local level. We have indicated that local vested interests have tended to ignore strategic planning issues as long as these interests attain an adequate return on investment (in the case of local authorities, maximizing rate income and prestige development), but as the recession has deepened there are clear cases where strategic planning questions have been challenged in order that local employment opportunities in the other urban areas as increased. The examples we have referred to above are the lobby for more office employment in Hartlepool, and the successful appeal by the ASDA hypermarket for its development at Eston.

(e) Employment implications of the Sub-Regional Strategy

We have so far considered the implications of urban renewal policies in relation to land use, environment, and relative benefits and costs to

interest groups directly affected by (and also affecting) policies. The outcomes of policies in terms of hierarchy of functions have diverged from original policy intentions - i.e. Middlesbrough has not developed to the degree as originally intended in the White Paper and Teesplan. The other dimension to this, and a crucial one, is that the strategy as a means of diversifying the employment base of the local economy has been limited in its effectiveness.

Tables 20a and 20b shows the original Teesplan forecasts by sector using their own Standard Industrial Classifications. The forecasts made by the Cleveland County Council (Table 21) include data for the SICs (ie. 1968 Standard Industrial Classification) covering an area not contiguous to the originally defined Teesplan boundary. This makes comparative forecast and trend analysis difficult. However, despite these caveats, overall comparisons can be made if rates of change are also included in the analysis.

The Teesplan forecasts were formulated from the expected influence of regional policies on the level of population on Teesside (HMSO, 1969, Vol.2: p 68). Changes in productivity and methods of retail distribution were also incorporated in the projections. The Teesplan forecast was for an increase of 70,000 jobs in the service sector between 1966-91 (+72.4%). A conservative estimate was for an increase of 52,000 jobs (+53.7%).

A comparison of trends with Middlesbrough Employment Exchange Area (Table 22), containing the sub regional Centre and Cleveland show some interesting results. Actual changes between 1966-76 in Cleveland (covering a larger area) show an increase from 88,000 to 118,000 in 1976

with a projected increase of approximately another 14,000 jobs to 132,000 in 1991. This means that an actual rate of increase of 34% occurred between 1966-76 and an overall projected change of 50%. In 1966, service employment (SICs XXII - XXVII) amounted to 29,682. There was as an actual increase in employment of 9,590 (32.3%) to 39,272 in 1976. Employment forecasts are not available for Middlesbrough but these statistical changes in employment are significant in that they are well below the Teesplan forecasts, even at the conservative level of prediction. Furthermore, the projected and actual rates of change for Cleveland are similar to the Teesplan forecasts, although it must be remembered that Cleveland covers a larger area than the original Teesside planning area. In this context, forecast changes can be compared; it could be assumed that the Cleveland area would have a higher forecast change than the Teesside area taking into account that it covers a larger area (including Hartlepool). This is not the case.

If we return to employment changes in Middlesbrough, it could be assumed from the Sub-Regional Strategy encompassing the growth centre for service employment in the Teesside sub-region, that the rate of employment change would be higher than that for Cleveland or Teesside. In fact the post 1976 trend has been for a slight absolute decrease in employment. In 1978, the Structure Plan Monitoring Report outlined the significance of these changes for the local economy:

"The growth in the service sector should also be seen in relation to the growth in manufacturing industry and to the economy as a whole. The service sector has traditionally not played a major role in the Cleveland economy and has been under represented in certain service industries such as financial and professional (business) services. This still remains an area of the service sector which, despite recent growth, significantly lags behind national employment indices. In all service industries, with the exception of construction, the Cleveland economy would appear to be under-represented

when compared with Great Britain as a whole." (Cleveland County Council 1978a: p35)

Employment opportunities provided by service industries have tended to go to women and studies conducted by the County Council have indicated that a large proportion of jobs are of a low paid part-time nature. (Cleveland County Council, 1978)

Possible future decline in service employment is related to both cuts in public expenditure and the introduction of new technology. This underlines how much the Teesplan forecasts were 'overoptimistic'. The political importance of these forecasts was that they led to the consensus - until the late 1970s - that alternative employment was available for those being made redundant in the base manufacturing industries. In the next Chapter we shall examine in greater detail the impact of policies and changes in the economy on the labour market and consider the question of growing unemployment in Cleveland.



## CHAPTER 8

### INDUSTRIAL RESTRUCTURING AND UNEMPLOYMENT - CURRENT PROSPECTS FOR THE TEESSIDE ECONOMY

#### 8.1 Introduction

Chapter 3 presented a broad outline of the trends in the Cleveland economy up until the late 1970s. The purpose of this chapter is to analyse the dramatic increase in unemployment in Cleveland over the past four years (1978-82). An assessment will also be made of the performance of ICI and British Steel, the two major sources of job loss to the local economy.

#### 8.2 Background: restructuring, employment and unemployment

The long term decline in profitability of British manufacturing industry has been well documented (Gough, 1982; Harrison and Glyn, 1980) and some of the factors relating to the 'disadvantaged' position of British industry compared with its European counterparts have been covered in Chapter 1, (Table 1). The slowing rate of accumulation has not been compensated by any significant counter influences and as a consequence the international economy is experiencing a long period of 'stagflation', a combination of slump in output, demand and employment combined with hyper-inflation (Mandel, 1978).

One of the effects of falling profitability has been a gradual cut back in investment and the particular impact of the profits squeeze in Britain has led to a more marked phase of 'disinvestment' than has been

experienced since the 1930s (Community Development Project, 1977, Blackaby 1979). This process of deindustrialisation is not only an effect of the recession but also a response in terms of restoring profitability and competitiveness. The dynamics behind restructuring of production have been described by Campbell (1981: pp 122-123; see also Carmichael, 1978 relating to local labour markets). There are two basic changes which will enable an increase, or stave off, a further reduction in, profitability:

- (a) Influence the amount of labour power employed by reducing the number of workers employed through (i) the closure of individual plants in a multi-plant organisation. This would usually involve those with the lowest rate of profit, least efficient, etc.; (ii) reduce the number of workers at the individual plant level either through redundancies or non-replacement of posts where vacancies occur.
- (b) By changing techniques of production, i.e. the type and quantity of means of production in relation to labour power employed. This could involve increasing labour productivity through increased mechanisation and reducing unit costs of production.

Both these processes involve a reduced demand for labour or the numbers of workers required for any given level of output. The ability of firms to undertake such strategies depends upon the level of class struggle - the degree of struggle for control over the labour process. It can be argued that in recent years this struggle has intensified and part of the most recent strategy of the State has been to shift the balance of power in favour of owners of capital and management by placing further restrictions upon trade union organisation (e.g. 1982 Employment Act).

### 8.3 Restructuring in Cleveland - An overview

In Chapter 3, employment changes were seen to be the result of investment in new capacity and new technological processes which enabled increased productivity and output with a reduced labour force. Therefore method (b) above was the predominant source of restructuring up until 1979. Table 23 shows volume of investment in major manufacturing firms in Cleveland 1974-81 and the ratio of employment loss to Regional Development Grant investment in ICI and BSC 1976-79. This underlines conclusively the significance of state involvement in restructuring of industry in Teesside. The picture changes after 1979 and this will be discussed in some detail below.<sup>1</sup>

### 8.4 Crisis in Petro-Chemicals and the Future of ICI in Teesside

The most recent review of local economic prospects to be made by the County Council presents a bleak picture of future trends in the local economy:

"It is estimated by the County Planning Department that total employment in Cleveland declined by 40,000 between 1977 and 1981. The latest employment forecasts suggest a further decline in employment of some 14,000 between 1981 and 1983, before a modest improvement sets in." (Cleveland County Council, 1982: p 6)

The report states that the unemployment rate has increased from 7% in 1975 to 18.9% in 1982 and is within 1% of the unemployment rate

<sup>1</sup> The analysis of recent changes affecting ICI and BSC is based on a comprehensive survey of financial press cuttings. Key references are cited in the text but all sources are referenced in the bibliography.

within Northern Ireland. Furthermore, for "the unemployment rate to be reduced to the 1975 level it would be necessary to create about 38,000 additional jobs. About 24,000 would be needed for a 10% unemployment rate" (ibid p6). Recent events (June 1982) relating to ICI's retrenchment plans for its petro chemicals production at Wilton will make the current forecasts on the 'over optimistic' side, and if the Wilton complex ceases production altogether it would not be exaggerating to describe the effects as a near catastrophe for the local economy. the latter part of this chapter will outline local economic trends. This section deals with some of the underlying processes giving rise to the question mark now hanging` over ICI in Teesside.

Recent research undertaken by Hudson (1981: p 19) reveals that the decline in Teesside as a prime location for ICI stems from ICI's lack of access to North Sea Gas which forms a cheaper source of petro-chemical feedstock than crude oil derivatives. ICI's major competitors in petro-chemicals products are oil companies which have for some time have been able to gain access to North Sea gas which is piped ashore in North East Scotland. The possibility of other chemical companies taking advantage of cheaper gas feedstock brought a response by ICI in 1981 to the effect of considering plant closures on Teesside (Hudson, ibid: p 19). This possibility has now become more real and the reasons, albeit complex, will be outlined below.

#### Gambling for a Tax deal with 9,000 jobs

ICI's position in terms of petro-chemicals production is not unique; financial commentators have repeatedly shown the extent of overcapacity which is currently affecting the European chemicals industry and the

pressure on the industry to rationalise itself will increase, not diminish (Cameron, 1982). This pressure has been brought about through decline in profitability and tremendously intense pressure of international competition. In 1980 ICI experienced a 54% reduction in net profits as follows;

1st Quarter £162 million profit

2nd Quarter £ 80 million profit

3rd Quarter £ 10 million loss

4th Quarter £ 6 million loss (Source: Financial Times 23/4/81)

There was a dividend reduction for the first time since 1938 which sent a severe shock wave rippling through the stockmarket. Profitability was restored in 1981 but it was apparent that one of the world's leading chemical companies and Britain's biggest manufacturing concern was in its weakest position for many years. This weak position has been identified by the new Chairman of ICI, John Harvey Jones, as relating to the current Government support for Shell and Esso's ethylene plants at Mossmorran in Scotland (Cameron: 1982).

Towards the late 1970s ICI's major investments in Wilton comprised its naphthalene and propylene plants and the construction of a sixth cracker of 500,000 ton capacity jointly owned by ICI and British Petroleum. This venture was completed behind schedule and with the total cost doubling. Despite these investments, ICI was falling behind in its ability to extract 'technological rents' due to American companies use of cheaper feedstock for plastics production. The building block for polyethyene is ethylene. Ethylene can be cracked from either oil or gas feedstocks and most European countries crack naphtha to make ethylene. One of the natural gas liquids, ethane, is a

much cheaper feedstock. American companies already use this and have flooded the European artificial fibres and plastics markets with cheaper products. Large quantities of ethane lie under the North Sea and supplies are expected to come ashore in the near future. The major oil companies, Shell and Esso, who were instrumental in "the abandonment of the State's gas pipeline" which would have linked up with the Teesside complex will benefit from direct access to ethane. In early 1982 the £1 billion FLAGS pipeline from the Brent oil field will ultimately pump ethane through to Esso's petro-chemicals plant under construction at Mossmorran in Scotland. The Mossmorran plant is expected to start producing cut-price ethane-based ethylene. (Elrichman 17/6/82).

Selective support for the oil companies is primarily focussed in the tax concession contained in the Finance Bill involving a tax-referred price for gas produced and transferred from an oil company to its chemical subsidiary for periods of up to five years at a low fixed transfer price. These tax concessions extend to BP which is planning to transfer mixed gases from its Magnum and Forties Fields to BP chemicals for use at its Grangemouth complex. If these concessions are implemented it would mean that oil companies would have access to cheap raw materials whilst ICI will have to buy its oil-based chemical raw materials (Naptha for example) at market prices (Cameron 24/6/82). This competitive advantage must also be set in context of an evident shift in world petro-chemical production to the Middle East. Middle East countries such as Saudi Arabia are now building petro-chemical complexes because of the abundant cheap supply of indigenous gasses. As Elrichman states, the most serious threat to ICI is not the plant at Mossmorran but when the Saudis complete their first ethylene crackers in 1983/84.

ICI, in its desperate bid to gain government tax concessions, has

threatened to shut its Teesside petro-chemicals complex with a possible loss of 9,000 jobs. Sue Cameron summarises the pressures on both ICI and the Government.

"ICI cannot be given the same tax concessions, because it is not an oil company with North Sea production and it does not use ethane gas as a raw material for making petro chemicals. It uses naptha which is made from oil and which has to be bought at variable arm's-length market prices. Unless there is a change in plan ICI's ethylene production costs will almost certainly be twice as much as those of its competitors."

(Cameron 29/6/82)

In the meantime ICI's response to the crisis in petro-chemicals has been to close one polyethylene plant at Wilton, involving a loss of 700 jobs, and do a portfolio swap with BP-ICI will take over 80% of the million ton ethylene cracker. At present the question remains whether ICI will carry out its threat of plant closure in Teesside in the same manner as the oil companies threatened to close their plants in Mossmorran and Grangemouth. The agreed deal with BP suggests that ICI will maintain some commitment to Teesside but, given the stakes involved and the world wide restructuring of petro-chemicals production, the attractiveness of Teesside is not the same as it was.

#### 8.5 British Steel: Bleak prospects for Teesside

Since the starting-up of the modern blast furnace at the Redcar/Lackenby complex, the fortunes of the steel industry have fluctuated dramatically, compounded by the strike in 1980.

In 1979, despite a £400m interim grant by the state, the Corporation recorded a loss of £545 million which was paralleled in 1980 by another loss of over £500 million. (Financial Times 26/9/80). A classic crisis of overproduction hit the industry in the late 1970s which previous

rounds of rationalisations and technological innovations have been unable to avert. The industry has been a centre of political conflict since the State's reduction in financial aid and strategy of minimising unit production costs. More recent strategies have hinged on productivity and manning agreements, and as Mainwaring (1981) points out, the Steel Unions semi-acceptance of the managerial Corporate Plan in terms of 'job bargaining' has had crucial implications on how the industry will continue in the future.

The Corporate Plan (CP) presented by the Chairman Ian McGregor which received the go-ahead from the Conservative Government, recommended substantial capacity cuts and increases in productivity; "if demand continues at current levels a capacity of no more than 8m tonnes would be justified." (Financial Times 10/10/80)

Naturally the cuts in capacity involved considerable reductions in manning levels. In 1981 a further 25,000 jobs were to disappear along with the 52,000 jobs shed in 1980. In terms of productivity the BSC converted their measurement of output from the traditional man tonnes per year to man hours per tonne and the aim was to get this as low as possible, i.e. a reduction from 13 man hours to 8.5 man hours per tonne was envisaged. (Financial Times: 10/10/80)

The significance of these rationalisation proposals for investment were profound; out of a total £730 million "external funding" allocated by central government, £180 million was portioned off for redundancy and closure costs for the 1981/82 financial year.

The precondition for the success of the strategy was for a greater disciplining of the workforce; as the Financial Times commented:



"But more than redundancy and pay freeze is being demanded from the BSC workers - they have been told they must improve working practices, eliminate unnecessary tasks and cut absenteeism and unnecessary overtime." (Financial Times 25/2/81)

The most recent outcome of the Corporate Plan is the increasing indebtedness of the Corporation which is attributed to the national steel strike and further "dramatic" decline in steel consumption. The BSC's chairman's commitment to the Corporate Plan has been resolute - if it was not on target "further significant closures will have to be contemplated".

#### British Steel in Teesside

In late 1981, the Teesside plant had not yet made the productivity improvements demanded in the CP-9 man hours per tonne compared with 8 man hours achieved in South Wales. This position had been aggravated by the technical problems experienced by the Redcar Coke ovens which were pushing up costs. Fears were aroused that unless technical difficulties could be resolved the coke ovens would be closed down. The effects of the Plan on Teesside are clear; in early 1980 the workforce had totalled 20,000. In October 1981 this was reduced to 13,500. The political and social conflict arising from the CP were evident in Teesside. The Managing Director had claimed that attitudes of the workforce were partly responsible for not achieving adequate productivity deals:

"The problem has been less one of getting the numbers down but changing the attitudes of those who remain."

There was a greater demand for:

"Whole hearted co-operation particularly in areas like flexibility and inter-changeability on maintenance tasks."

The workforce had felt, given the closure of the Consett and Hartlepool steel works, that workers in the North East had had their fair share of redundancies (Financial Times 27/7/81).

It can be argued that BSC began to suffer the effects of their own rationalisation plans. Three furnaces were originally planned for the Redcar complex and the construction of only one had resulted in considerable inflexibility in terms of continued production. Meanwhile more job cuts have been planned (1,900) and management attitudes regarding "excessive overtime" and pay had led to scepticism amongst trade unions regarding the future of the plant.

"Some Union officials have interpreted yesterday's warning over the Teesside survival plan as meaning that the Redcar plant would close if no agreement were reached." (Financial Times 9/10/81)

Although precise employment figures are not available on steel, the estimated employment change in metal manufacture in Cleveland has involved a reduction from 27,022 in 1977 to 19,400 in 1980. The forecasts envisaged a further reduction to around 17,000 in 1981 with a levelling off towards the 1990s. These forecasts could well be undermined if the Redcar closure does take place.

#### Postscript on BSC in Teesside

Since 1981 the BSC Teesside Division has cut 5,600 jobs (Cleveland County Council, 1982: p 6). In July 1982 BSC announced plans to axe a further 900 jobs "because of a serious fall in steel sales in the first quarter of this financial year". BSC have warned that if the Unions did not accept the proposed job cuts then some steel mills would have to close permanently. The first job losses will arise as a result of the

closure of the pellet plant with the remaining being lost across the Division (Wright and Hetherington, 22/7/82). These recent developments seem to indicate that the complete closure of the coke ovens at the Redcar/Lackenby plant is a distinct possibility. If this did occur, then an extra 7,000 jobs would possibly disappear in the South Tees works.

#### 8.6 Labour Market trends and increasing unemployment

Table 25 shows that employment loss, although significant in the steel and chemicals industries, occurred also in other sectors of manufacturing with little compensating increases taking place in services. The 1980 Monitoring Report considered that these were "disturbing statistics" in that there had been a drop of almost 10% in the total number of employees on the 1977 levels - the equivalent of 23,200 jobs. If the total job loss is allocated to the main sectors, it can be seen that "construction" has been the worst hit - experiencing an employment loss of 32% or 8,100 on 1977 levels. The growth in employment in services was only 0.9%, a net increase of only 1,000 new jobs.

The rate of job loss or contraction has been quite dramatic. In the period 1977-79 the annual average rate of contraction was an estimated 2.5% - in the 1979/80 period this doubled to an estimated 4.8%. The most alarming indicator of the crisis in the Cleveland economy is that the service sector contracted by approximately 2.6% as opposed to the average estimated growth rate of 1.8% for the 1977-79 period.

The impact of these changes on the Teesside/Cleveland labour market is difficult to evaluate without going into some depth and undertaking

further primary empirical research. We can however, present a preliminary analysis based on local authority records.

In 1978 the Cleveland County Council Research and Intelligence Unit assessed the effects of changes in the economy on employment opportunities for inner area residents in Middlesbrough. Given the accelerated decline in the economy since this period, some of the statistical detailed analyses will understate the true picture.

Although the study defined the inner area by the geographical concentration of the most deprived sections of the population (ie. socio-economic status) living near the centre of Middlesbrough, the defined labour market area was made on the basis of job search, and journey to work - which included most of the South Tees area extending to the Redcar Steel Works.

As regards competition for jobs inner area residents tended to reflect Cleveland averages for proportions employed in metal manufacture but not in chemicals. As might be expected, male residents in the inner area competed poorly for skilled work - a relatively large proportion were in occupations relating to labouring, transport, storekeepers, packers etc. (Table 26) In terms of female employments, as could be expected, a large proportion of women worked in the Inner Area itself, with a high propensity of women working in the 'search area' to have part-time jobs (p 18). The study indicates that, given the socio-economic profile of inner area residents and their vulnerability as regards competing for jobs, there is a large section of the working population in Teesside prone to unemployment or under-employment.

The other dimension to recent changes in the Cleveland economy is that the opening up of 'new industry' utilising mainly female employment (ie. branch plant 'light industrial' development) has not occurred at the same rate as in the rest of the Northern Region (Robinson and Storey, 1979). Between 1965 and 1976, 15,300 new jobs were created in Cleveland and approximately 75% of these were attracted from outside. Despite these new sources of employment and the creation of new service jobs in the urban centres of Teesside, female employment opportunities have not significantly increased. The main findings of a study by Cleveland County Council (1979) on female activity rates stressed the consistently low activity rates compared with Britain. It was also found that there was a substantial 'hidden unemployment'; approximately 12% were seeking work but not registered compared with the official hidden unemployment rate of 1% (in 1979). This confirms a previous analysis of employment/unemployment made by the Northern Region Strategy Team whose projections showed that 80 per cent of potential female employees in the Northern Region are in Cleveland while the County accounts for less than 20 per cent of total females in employment (Cleveland County Council, 1978: p 20).

Unemployment trends 1979 - 81

Unemployment rates, as Table 25 shows, have increased dramatically since 1979. Furthermore, since 1976 these rates have risen well above the Northern Regional average, and have always been consistently above the national average. The Teesside Travel to Work Area contained 31,000 people out of work in October 1981, and the highest unemployment rate of any Travel to Work Area in the Northern Region. There are two aspects of this increase that are particularly significant: the large proportion of school leavers (ie. new entrants to the labour market) who find it increasingly difficult to find work, and long term male unemployed who have been made redundant in traditional contracting sectors.

New entrants

The number of young people waiting for an offer of a place on the Youth Opportunity Programme Schemes indicates the extent of youth unemployment. In 1979 there was a waiting list of 930. In 1980 this had increased by 74% to 1,621. In October 1980, the total number of young people available for permanent employment was 8,832 - an increase of 44% on the total for the same month in 1979 (6,126). In 1982 this figure had increased to 9,000. Another aspect of the declining employment opportunities for young people is those numbers recruited for training apprenticeships. In the first nine months of 1980 only 876 apprentices had been recruited by employers compared with 1,402 during the same period in 1979 - a reduction of 38%. (Cleveland County Council, 1980)

### Long term unemployed

Data broken down by Travel To Work Area on duration of unemployment is not readily available, but there are indications that male unemployment in the older age group (40-60 years) is increasing. It can also be argued that jobs lost in steel, shipbuilding, chemicals and engineering have led to the creation of a pool of unemployable men. Many of these industries require job specific skills and the nature of technological change militates against adjustments in the labour market whereby transfers between occupations can easily be made<sup>1</sup>. Evidence to suggest that this trend has been taking place in Teesside is produced by results of Department of Employment surveys of redundant workers and data presented in the County Council's Annual Economic and Demographic Review. One year after the closure of the Steel Works in Hartlepool, more than 600 of the 1,160 men made redundant were still without work and only 380 jobs were found whilst the remainder had either retired, moved or failed to register (Guardian 28/12/78). A similar survey found that out of the 943 men made redundant by the Haverton Shipyard closure in 1979, only 64 managed to find new work. The survey recorded that boilermakers were particularly affected. Furthermore in January 1982 almost 20,000 people had been unemployed more than a year, almost double the number in 1981. Over 40% of all unemployed males have been unemployed for more than 12 months. (Cleveland County Council, 1982: p 2)

1 The study of the North Shields labour market by the North Tyneside (CDP 1978 supports this view.

## 8.7 Conclusion

This chapter, describing recent trends has focussed upon the impact of the combination of long term restructuring and state policies upon the Cleveland economy. Statistics produced in this study (largely derived from the County Council Research and Intelligence Unit) including the detailed assessment of ICI's and BSC's operational plans reveal that economic problems will intensify, leaving Cleveland with the prospect of unemployment rates remaining consistently high and above the regional and national averages for a long period. The policy implications of this will be discussed in the next and concluding Chapter (Chapter 9).



## CHAPTER 9

### INDUSTRIAL RESTRUCTURING, UNEMPLOYMENT AND THE FORMULATION OF LOCAL ECONOMIC STRATEGIES: THE LIMITS TO LOCAL INITIATIVES

The drastic deterioration in the local economy has brought about a shift in local authority policies (especially those of the County Council) towards developing more radical measures of intervention. These include the fuller use of existing powers and sources of funding and the development of more direct aid to industry through industrial finance schemes (eg. making industrial mortgages available). Two particular initiatives are new; first is the positive support for the establishment of co-operatives (through a Co-operative Development Agency) and the second involves the setting up of a Local Enterprise Agency, made up of relevant interest groups involved with the local economy. Additional innovatory initiatives have been put forward such as the promotion of new technology and intervention in the local labour market through training schemes and welfare rights schemes for the unemployed. (Cleveland County Council, 1982 and Cleveland County Council, 1982a: p4)

This economic development policy adopted by the local Labour Party which holds control over the County Council, represents a conscious policy of counteracting the effects of industrial rationalisation. Although Cleveland's strategy is not on the same lines as the more 'radical' approaches adopted by the Greater London Council, West Midlands County Council and Sheffield City Council, (see Sheffield City Council 1982, for example), nevertheless important questions are raised about the responsibilities of local government, accountability of industry to local communities (eg. in terms of effects upon the

environment and employment policies, working conditions etc.) and the generally limited scope of action open to local authorities, given the scale of the problems. Recent reports indicate a greater awareness of the latter point, reflecting a politicisation amongst planners and policy makers within local government, and resulting from this an increasing awareness and scepticism about the credibility of traditional policies.

It is important to assess this questioning and change in policy direction in relation to current State practices and the nature of the economic crisis.

It is also important to note that Teesside's development is not a unique phenomenon. Research on other port complex developments in Western Europe (Castells, 1976; Castells and Godard, 1974; Bleitrach and Chenu, 1980; Damette, 1980; Arcangeli and Vitiello, 1982 and Arcangeli et al, 1982) reveals remarkably similar patterns of development and change in port economies. These studies describe how port areas were promoted by national States as a central feature of regional planning policy in counteracting uneven development and regional inequality. This policy has comprised two complementary components: planning of infrastructure to facilitate locational requirements of 'capital intensive' port related industry and allocation of selective grants to these branches (primarily in the form of regional development subsidies) having the effect of encouraging their location in port areas as well as writing off fixed capital investments. The impact of this policy in France is described by Bleitrach and Chenu (1981):

"The concrete form taken by the setting up of powerful industrial poles such as Dunkirk, Le Havre and Fos... reveals a

very close complementarity between state interventions and those of the major firms involved. Initially the state carried out those large scale works which would not bring immediate returns (harbour installations, railways, motorways, telephone systems, electricity and water supply etc.). In the second phase, the state made massive loans to the big firms which agreed to locate in the infrastructures already established and were therefore assured of short term profits. In such a process, the principle of freedom of enterprise - the possibility that firms, because of changes of techniques or fluctuations in their markets or their finance, need neither use the infrastructures provided by the state nor respond to public financial incentives - is respected absolutely."

The relative advantage of different port locations can become crucial - in other words an intensification of competition between firms induces port areas to compete against each other to attract major multinationals by offering the most favourable terms:

"It was reported that what tipped the balance in favour of Wilhelmshaven and against Dunkirk as the location of a major KI investment in PVC and chlorine capacity was that the German politicians at both city and regional level were the most helpful ICI had met." (Hudson, 1981a: p 24)

The fact that large multinationals offering investment and employment can play-off one area against another is an important constraint upon realising employment and economic growth objectives in port locations.

There is a clear indication that State regional policies have, in fact, reproduced uneven development but in different, although arguably, more severe forms. This is illustrated by the emergence of 'branch plant' economies in peripheral regions and the utilizing of infrastructures and regional aid by multi-nationals where control and ownership lies outside the region (Damette, 1981). Thus economically depressed regions (and in particular port zones) have become highly sensitive to the strategies of those branches operating on an

international scale (Perrons, 1981). State intervention in the development of such complexes has encouraged the mobility of capital and associated with this development, rationalisations in production and plant closures (or re-location) as competitive pressures intensify.

Thus the State promotion of port complexes is subject to conflicting interests and pressures - from working class communities, trade union organisations, property developers and multi-nationals. Policies formulated reflect the tensions between these interests in the pursuance of social and economic planning strategies. Bleitrach and Chenu (1981) argue that the distinction between the two types of strategy arise from the ideological aspect of state intervention (in the case of Teesside via the politics of modernisation). The division disguises the social relationship of exploitation in its actual form and the fact that the State will act in favour of the interests of international capital in general in order to counteract inherent tendencies towards a fall in rate of profit, overaccumulation and uneven development. It is this central feature of State intervention which raises the question of the State's ability to achieve balanced social and economic growth objectives. In respect of Teesside the following issues are of relevance:

First, local industrial decline and high unemployment have created tensions at the local level expressed in social unrest and increase in crime. This matter has been raised by the Chief Constable of Cleveland in a recent report (BBC, Look North, 21/5/82). Riots in major inner city areas indicate that this is a national trend. Tensions have been also prevalent within and between state institutions reflected in the struggle over establishing local economic strategies and influencing

national economic initiatives. Centrally controlled institutions have considered imposing further limitations upon local authority involvement with economic development through proposed restrictions in the use of the 2p rate in the 1972 Local Government Act, and restricting intervention to local authorities accorded Inner Urban Area and Enterprise Zone status. This threat was withdrawn after considerable opposition but nevertheless the fact that it was mooted in the first place is of significance, as is the establishment of Urban Development Corporations and the current financial arrangements regarding the Rate Support Grant settlement, which represent a considerable restriction upon locally determined and controlled service provision. Secondly, the politics of modernisation in establishing Teesside as a port zone and subsidising the operations of dominant industries has generated contradictory and conflicting outcomes. Policies legitimised in terms of retaining jobs have contributed towards their disappearance. Part of the process of state intervention in the restructuring of capital has been the internationalisation of production and ability of industry to switch location to another area. The development of ICI's new petro-chemical complex at Wilhelmshaven, the recent cut backs at Wilton and the closure of Rohm and Haas on Seal Sands illustrate the global nature of industrial restructuring and that national, not to mention local, state institutions have little or marginal control over choice of location. The impact of past policies has reinforced tendencies towards increasing mobility (because regional expenditures have written off a large proportion of fixed capital outlay) and the use of capital and plant transferences as a part of reorganisation plans. The parallel development of port zones in Western Europe and third world countries is an important integral feature of mobility for those branches which rely on large scale production complexes.

An outcome of the strategies of selective support for dominant capitals has been the abandonment or possible abandonment of areas and thus accelerating the obsolescence of fixed capital investments and the associated 'waste' and unproductive element of public expenditure which has to be written off, either directly through subsidies to the local authorities or indirectly through income maintenance (and special programmes such as inner city initiatives) of the rent and rate paying population. Therefore the mass of 'sunk' infrastructure is particularly vulnerable to the 'hyper-mobility' of capital, itself a trend brought about as international competition has intensified. (See also Ive, 1979)

The close interlocking relationship between spatial policies and dominant industries, as well as the overt spatial dimension of the growth zone policies, has reproduced uneven development - not just between officially recognised regions but within regions. Policies have supported processes of concentration and centralisation of capital at the expense of weaker less competitive sectors, or parts of industries. The corollary of this is spatial uneven development and continued regional economic and social crisis. Rationalisation in mining, steel and engineering instigated through state intervention has led to the abandonment of villages and towns in Durham and Northumberland - Consett being the most well known recent example.

Whilst the above represents deep social-economic changes in other areas as a direct result of the development of Teesside industries, the impact of these developments within the Teesside conurbation has been to create increasing conflicts as opposition to pollutant and hazardous industries on Seal Sands and near to residential areas has grown in recent years. For a period the environmental lobby has polarised

opinion around those seeking to develop alternative strategies relying less upon the 'base industries' and those who followed the jobs at all costs lobby. The political as well as economic implications of mobility had reached its profundity - the possibility of re-locating elsewhere and massively losing jobs in the local economy always was apparent to local authorities as well as the local labour movement - yet at the same time it became clear that consensus policies had not realised their objectives. It is in this context we can understand the formation of new economic development initiatives.

The County Council are therefore currently seeking alternatives to policies pursued in the past. However, the new initiatives are bound up with the contradictions of state intervention as described above and more fully in Chapter 8. It is these contradictions of policy formation which are seen as the major problematic in achieving a balanced local economic development. It is with this point in mind that we can return to some of the major arguments and themes of this study about the nature of the state (see Chapter 2). It is appropriate here to highlight the inter-related aspects of state intervention which emerge from the study of policies in Teesside; the first relates to state action reflecting and reproducing conflicts and contradictions endemic in the accumulation process, the second to the impossibility of the state undertaking long or medium term planning in order adequately to secure the conditions for the long term profitable accumulation of capital. The third aspect is the ability of the state to mobilise an alliance of interests around consensus policies which eventually comes up against conflicts and problems generated by the actions of the State.

(1) One of the central problems for local authorities in Cleveland in

achieving long term planning objectives for creating employment opportunities has been its relationship with multi-national companies. This is a problem for a national state's economic strategy. Local authorities, in their provision of infrastructure for the continued profitable development of steel and chemicals, have clearly performed these functions as part of the central government's national industrial strategy. However, these policies have been subject to constraints imposed by the internationalisation of production and mobility. In this respect the arguments provided by Jessop are relevant:

"Since multinationals also tend to be the most advanced capitals, however, there is also pressure to encourage their activities. This is apparent in various forms of subsidies, concessions, infrastructural support, etc. to assist multinationals in making capital investments and reorganising production. This is a complex process with contradictory effects. For the short term gains from the domestic investment and foreign sales of alien multinationals may be reversed through the long term expatriation of profits. Conversely foreign investment by a domestic multinational can lead to short term losses from the export of capital (together with jobs) and to long term benefits from the repatriation of foreign income (in so far as this is not reinvested abroad). Similarly problems arise in relation to technological dependency and potential positive spill over effects." (Jessop, 1980: p 26)

Therefore the central contradiction between 'capital in general' and 'particular capitals' finds a major focus here. Analysing the development of policies since the 1960s illustrates that the state is not simply the tool of capital nor will it, in the short term, act in the interests of capital in general. Regional modernisation policies which were geared to supporting the growth of multinationals have turned towards stimulating the growth of the small firm. This policy, in relation to Teesside, has produced interesting results. For example a major factor in the restructuring and capacity cuts in the polyester plant at Wilton by ICI as discussed above can be explained by the abandonment of the Gas Gathering Pipeline project financed by the



government. Its cut back means that ICI lacks a direct and secure supply of methane (Elrichman, 1982). Regional and urban expenditures, although arising as a response to accumulation imperatives (i.e. increasing competitiveness of raw material producing industries in the region) have not in the long term been able to comply with these imperatives (the case of British Steel is appropriate here), and in fact generated further problems due to reinforcing dependency upon the 'narrow range of industries'. Although there is evidence, as we have shown, that such expenditures stimulated economic activity in the form of concentration and centralisation and restructuring, it has not compensated for increasing indebtedness and fiscal crisis.

(2) The above problems of state intervention have contributed to the inability of the state to undertake long or medium term rational planning. This is worth a special mention given the particularly optimistic forecasts and goals and objectives contained in urban planning documents. During the 1970s major institutional changes took place, including the reorganisation of local government. This restructuring within the state in Teesside during the 1960s (and post 1974) represented a shift towards more sophisticated spatial policies and corporate planning. Although such changes can be seen as being in the interests of 'dominant capitals' nevertheless there were competing interests vying for state support. Pressures from differing vested interests were reflected in conflicts within the state between different institutions. This illustrates that the state is internally heterogeneous rather than being a monolithic bloc. It also illustrates, especially in the case of land allocation policies, that tensions within the state deepened as problems in the local economy came to the fore during the late 1970s. For example the local authority pursued the

interests of smaller capitals and light manufacturing industry whilst the Port Authority maximised land available for capital intensive industry (i.e. multinationals). This represents a typical case when the amount of power required for comprehensive planning of the production process is denied to the state by the accumulating units themselves. In addition the establishment of participatory models for incorporating different interests has only served to heighten tensions because of the emerging struggles from sections of the community who had no real or effective control over decision making and whose interests were clearly not being served. This occurred in its clearest form in the case of urban renewal policies, and in the siting of the nuclear reactor at West Hartlepool.

(3) The study of State policies in Teesside supports the view that class strategies are not purely demarcated along the lines of capital versus labour but relate also to the possibility of an alliance of interests representing various sections of the community. On the surface this would seem to represent a pluralistic mode of operation by the State. In practice, as discussed in the Chapter 4 in some detail, (and briefly in Chapter 1) it represents the means by which the State operates in the interests of powerful interest groups representing both multinationals and property developers. The class alliance, as established in the early 1960s, took its origins from political practices in the 1930s. Those in ownership of key industries took the opportunity to take account of dominated interests by articulating a strategy which appealed to social democratic objectives pursued by large sections of the labour movement. In this period the alliance was uneasy due to the bitterness of many struggles over lock outs and wage cuts. In the 1960s, with the development of the 'Post War settlement' between capital and labour via

a politically strong Labour Party, consensus policies were widely accepted in most sections of the community in the North East. Thus the ability of the power bloc formed in the Region (via various institutional bodies of the state such as local authorities, quangos, etc) to maintain its hegemony was due to its success in articulating 'popular democratic' struggles and aspirations into an ideology which sustained the power of the dominant classes. It is argued here that the relative success of the politics of modernisation was reflected in the ease with which the development programme as formulated in the White Paper on the North East was implemented.

The above three comments on the way the State has operated in the context of the development of the Teesside economy form, in essence, the three central arguments of this study. It can be asserted that there is sufficient evidence to argue that past policies in promoting economic development have failed - thus the gap between intentions and outcomes of policies. In fact the outcomes of policies have had the opposite effect, and in this respect the conclusions made by the North East Area Study are pertinent:

"The relative dominance of the politics of modernisation in the policies and proposals of the structure plan reflects the strength of the interests supporting these policies.. the problem is simply that all the structure plans and other public agency plans that have been made up until now (ie. 1975) have, in their content and ideology, been dominated by the politics and ideology of modernisation. There is no local authority structure or corporate plan dominated by principles of social reform and positive discrimination where the politics of modernisation are made to take a minor role." (North East Area Study, 1975, p 334)

This leads on to the question whether the apparent failure of past policies has been perceived in such a way as to promote a generalised questioning of consensus policies and ideology. The evidence provided

in this study is inconclusive although certain critical groups have been identified: notably the environmental lobby and sections of the local authority and Labour Party seeking changes in the direction of economic policies. Further research is needed to consider the degree to which interest groups within the Teesside area perceive the relevance of, and need, to change political priorities. There is no doubt that the recent (June, 1982) programme of restructuring at ICI's Wilton complex will promote a further process of questioning.

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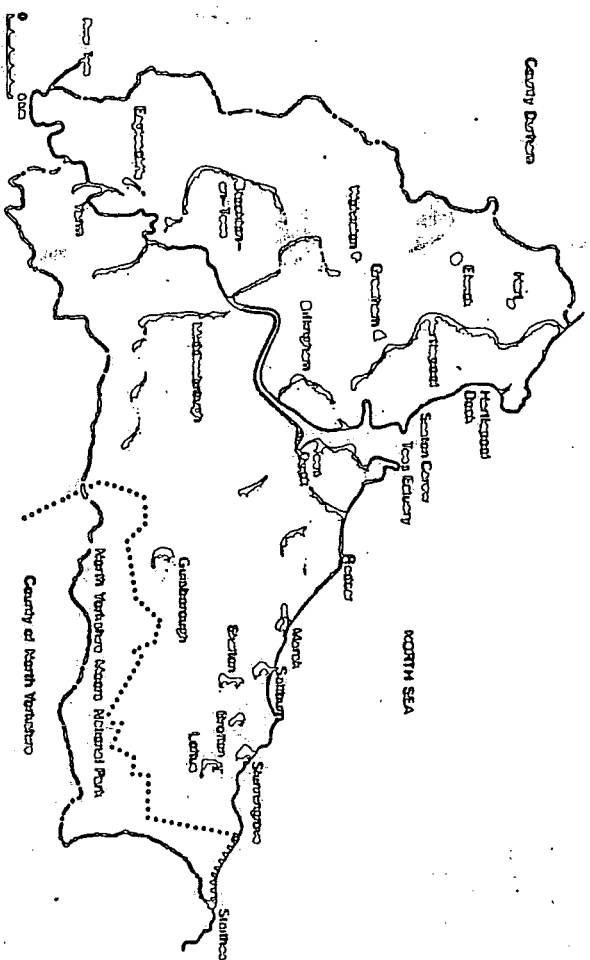
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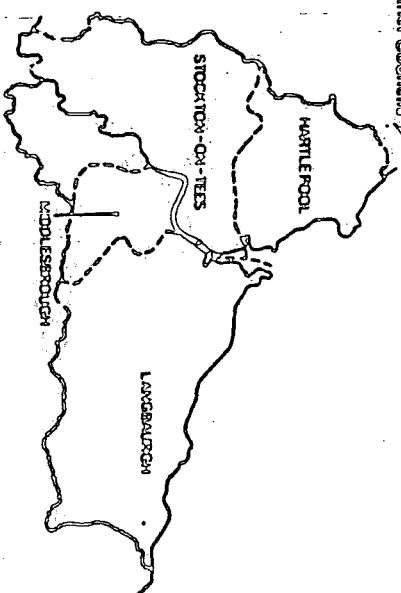
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## APPENDICES



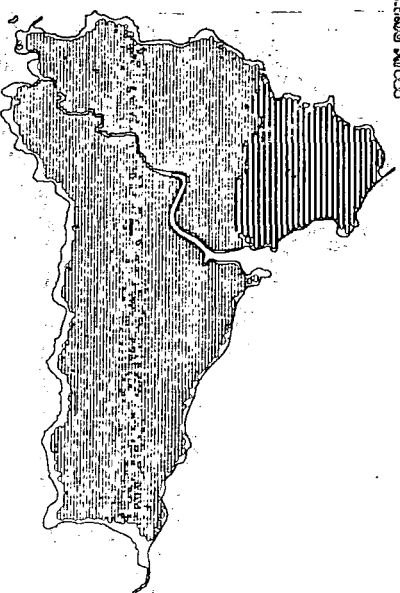
**Blair's Council**



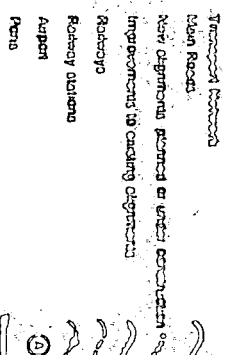
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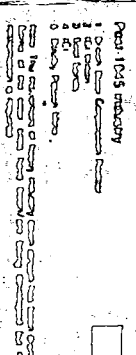
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**Doncington, Ohio**



NO. 185

[illegible]

Major General Robert L. Taylor, USA, is the author of "The Art of War" and "The Art of War: A Modern Perspective".

Table 1: International Comparisons with Performance of British Manufacturing Industry

<u>Change in Gross output 1951-69/70</u>							
	% change Output p.a.	% change Productivity p.a.	Gross investment ratio		% change output p.a.	% change productivity p.a.	Gross investment ratio
<u>USA</u>	<u>q</u>	<u>p</u>	<u>s</u>	<u>UK</u>	<u>q</u>	<u>p</u>	<u>s</u>
1951-56	3.00	1.88	19.0	1951-55	2.67	1.95	14.0
1956-66	3.88	2.57	18.8	1955-60	2.45	2.09	13.2
				1960-65	2.97	2.18	18.9
1966-69	3.36	1.08	18.4	1965-69	2.35	2.81	21.2
<u>FRANCE</u>	<u>q</u>	<u>p</u>	<u>s</u>	<u>ITALY</u>	<u>q</u>	<u>p</u>	<u>s</u>
1951-57	4.37	-	18.7	1951-55	5.07	3.58	18.3
1957-60	4.06	4.40	21.8	1955-59	5.11	4.56	22.0
1960-64	5.91	5.27	25.0	1959-63	6.05	4.47	24.3
1964-69	5.35	4.88	29.1	1963-70	5.08	5.41	22.8
<u>WEST GERMANY</u>	<u>q</u>	<u>p</u>	<u>s</u>	<u>JAPAN</u>	<u>q</u>	<u>p</u>	<u>s</u>
1951-56	8.24	5.60	23.4	1953-57	7.61	5.38	21.7
1956-61	6.20	4.80	26.6	1957-61	10.47	9.20	26.7
1961-65	4.84	4.32	30.1	1961-64	9.64	8.50	34.5
1965-70	4.50	4.46	29.1	1964-69	10.23	8.64	36.5

Source: T F Cripps & J R Tarling, Growth in Advanced Capitalist Economics 1950-1970  
CUP 1973

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Table 2: Aspects of the Development of the Manufacturing Sector and of Chemicals and Rubber

Production in Industrial Western Europe, 1958-60 to 1976-9

Annual % cumulative change in:

	Output	Employment	Labour productivity	Unit Labour costs	Prices <sup>1</sup>	Wage bill as a % of value added 1958/60    1967/9	
All manufacturing	5.7	0.7	4.9	3.3	2.0	63.4	70.6
Chemicals and rubber	9.3	1.8	7.4	0.8	-0.4	50.6	56.3

Note 1: - implied prices, defined as the growth of output at current prices divided by growth at 1963 prices.

Source: Hudson, 1981

Table 3 National Labour Market Trends 1961-76

Changes in Employment for Men and Women: 1961-76  
(thousands)

Industrial groupings	Total employed 1961	Changes 1961-66			Changes 1966-71			Changes 1971-76		
		Males	Females	Total	Males	Females	Total	Males	Females	Total
Manufacturing	8,340	+88	+106	+194	-180	-271	-451	-512	-275	-787
Of which:										
Textiles	789	-9	-50	-59	-41	-108	-149	-47	-54	-101
Shipbuilding	236	-55	0	-55	-14	+2	-12	-10	+1	-9
Metal manufacture	624	-31	+3	-28	-53	-8	-61	-76	-11	-87
Clothing and Footware	605	-10	-13	-23	-16	-45	-61	-20	-46	-66
Food, drink and tobacco	744	+19	+27	+46	-35	-23	-58	-33	-21	-54
Mechanical engineering <sup>u</sup>	N.A.	+37	+17	+54	+8	-13	-5	-98	-22	-120
Services		+58	+989	+1,047	-44	+186	+142	+268	+977	+1,245
Of which:										
Transport and communication	1,662	-73	+40	-33	-64	0	-65	-89	-2	-91
Distribution	3,159	-59	+187	+128	-123	-120	-244	+31	+83	+114
Public administration <sup>u</sup>	N.A.	-63	+76	+13	+47	+115	+162	+17	+89	+106
Mining and quarrying	720	-151	-1	-152	-175	-4	-179	-48	0	-48
Construction	1,592	+279	+34	+313	-214	-3	-217	+27	+20	+47
Gas, electricity and water	374	+30	+12	+42	-66	+9	-57	-33	+7	-26
Agriculture, forestry and fishing	827	-79	+24	-55	-133	-3	-136	-34	-5	-139
TOTAL+	23,245	+217	+1,164	+1,381	-782	-2	-784	-327	+727	+400

Source: The figures in the last 7 columns are derived from the Census of Population by the Unit of Manpower Studies. They have been adjusted for changes in the Standard Industrial Classification. The figures for 1971 were derived by applying the industrial distributions applied by a 1% sample Census of Population returns to the 100% in employment figure of the Census of Population. The figures for 1971-75 were derived from the Census of Employment and are not strictly comparable.

Notes <sup>u</sup>The figures for mechanical engineering and public administration were not available due to changes in the SIC.  
+The totals at the foot of the columns include inadequately described and not elsewhere specified. That is why they do not equate to the sum of sub-totals above which do not include these figures.

Table 5: Classification of Openings of Establishments by Type and Origin in Cleveland

TYPE/ORIGIN	No. of Establishments	Employment 1976
1. <u>Exogenous</u>		
a) Re-location of an entire company to Cleveland	12	420
b) New branch plant of a company which was <u>not</u> already operating a plant in Cleveland	70	8129
c) New subsidiary company setting up its first plant in Cleveland; parent company <u>not</u> operating in Cleveland	6	2767
d) Independent company setting up first plant in Cleveland, established by an entrepreneur who has moved into the County from elsewhere	5	76
(Sub Total)	(93)	(11,392)
2. <u>Indigenous</u>		
a) Independent company setting up its first plant in Cleveland	125	1825
b) New subsidiary company setting up its first plant in Cleveland; parent company operating in Cleveland	21	691
c) New branch plant of a company already operating in Cleveland	42	1209
(Sub Total)	(188)	(3,725)
3. <u>Not classified</u>	22	205
TOTAL	303	15,322

Source: Cleveland Establishment Data File (Robinson & Storey).

Note: 'Openings' component here excludes transfers into manufacturing.

Table 6: Changes in Employment, 1966 to 1975 (1000s)

	Cleveland				Northern Region				Great Britain			
	Employment			Change 1966 to 1975	Employment			Change 1966 to 1975	Employment			Change 1966 to 1975
	1966	1975	%		1966	1975	%		1966	1975	%	
Agriculture/Extract	3.7	2.4	1 -	1.3	130	67	5 -	63	1131	738	3 -	
Food and Drink	4.2	7.7	3 +	3.5	31	33	3 +	2	771	701	3 -	
Chemicals and Allied	35.1	28.0	11 -	7.1	60	53	4 -	7	493	467	2 -	
Metal Manufacturing	33.9	28.2	11 -	5.7	62	49	4 -	13	627	501	2 -	
Heavy Engineering/Shipbuilding	18.9	18.2	7 -	0.7	118	114	9 -	4	1281	1123	5 -	
Electrical and Light Engineering	10.6	10.6	4 -	-	76	82	6 +	6	2441	2212	10 -	
Clothing and Textiles	7.0	6.8	3 -	0.2	54	57	5 +	3	1190	877	4 -	
Other Manufacturing	7.3	7.0	3 -	0.3	60	66	5 +	6	1605	1453	7 -	
Sub-total Manufacturing Industry	117.0	106.5	-	10.5	461	454	-	7	8408	7334	-	
Construction	25.2	23.3	9 -	1.9	105	96	8 -	9	1604	1274	6 -	
Transport, Communication etc.	15.7	7.0	7 +	1.3	108	88	7 -	20	2022	1838	8 -	
Distributive	24.1	26.3	10 +	2.2	152	144	11 -	8	2857	2710	12 -	
Professional Services	24.9	41.3	17 +	16.4	153	210	17 +	57	3343	4553	21 +	
Public Admin. and Miscellaneous Services	22.6	34.8	14 +	12.2	168	207	16 +	39	3422	3766	17 +	
Total	233.2	251.6	100 +	18.4	1277	1266	100 -	11	22787	22213	100 -	

- Notes:
- (1) Selection of the two years, 1966 and 1975 which occur at different stages of the business cycle exaggerates job losses to some extent. 1976 figures would exaggerate the losses even further.
  - (2) Cleveland figures include all employees in employment in the Stokesley and Loftus employment exchange areas, some of whom work outside the Cleveland County Council boundary.
  - (3) Due to differences in the methods of data collection, 1966 public administration figures for Cleveland exclude civil servants.

Source: Cleveland County R&I Unit, CR 178B, op.cit

Table 7: Large Payments of Regional Development Grant: Great Britain, Northern Region and Cleveland, 1975/76 to 1978/79.

YEAR	AREA	RDG PAYMENTS (EM)	% of G.B.	% of North
1975/76	G.B.	197.38	-	-
	NORTH	70.03	35.05	-
	CLEVELAND	49.01	24.08	69.98
1976/77	G.B.	276.55	-	-
	NORTH	117.29	42.40	-
	CLEVELAND	81.18	29.35	69.21
1977/78	G.B.	255.16	-	-
	NORTH	100.80	39.50	-
	CLEVELAND	63.78	24.99	63.79
1978/79	G.B.	417.06	-	-
	NORTH	135.24	32.40	-
	CLEVELAND	67.58	16.20	49.97

Source: Trade and Industry (Dept of Industry).



Table 8: The Growth of Employment at Wilton, 1946-57

(as at 31 December)

	<u>Chemicals production</u>			<u>Construction</u> <sup>2</sup>	
	Male	Female	Total <sup>1</sup>		Total
1946	-	-	-		831
1947	-	-	-		996
1948	36	34	121		1,267
1949	353	59	467		1,777
1950	940	82	1,074		2,700
1951	1,641	98	1,826		1,853
1952	1,821	108	2,023		1,818
1953	2,159	114	2,394		2,794
1954	2,218	159	2,544		2,283
1955	3,161	195	3,582		3,069
1956	4,631	224	5,166		4,667
1957	5,457	274	6,107		2,795

Notes: 1 - the difference between the total and (male plus female) is juveniles, aged 18 and under

2 - includes both ICI and private contractors

Source: Hudson, 1981

Table 9: Major Investment Projects in the Chemicals Industry in Teesside, 1975

<u>Company and Location</u>	<u>Project</u>	<u>Cost £m.</u>	<u>Completion date</u>
<u>Current</u>			
ICI-BP, Wilton	Ethylene cracker & downstream plant	135	1977
ICI Agricultural Division, Billingham	Acids, alcohols and glucose plants	30	1975-6
ICI Fibres Division Wilton	Terylene	12	1977
ICI Organics, Petrochemicals and Plastics, Wilton	Various smaller extensions		1967-7
Monsanto, Seal Sands	Expansion of capacity		1977
Monsanto/Montefibre (UK) Seal Sands	Plant for production of nylon intermediates		
Phillips Petroleum, Seal Sands	Oil processing & storage (but not refining)	120	1976
<u>Long term</u>			
ICI Agricultural Division, Billingham	Protein plant	40	
Phillips - Imperial Petroleum, Seal Sands	Refinery expansions		1980-5

Sources: Chemical Age and European Chemical News  
Cited in Hudson 1981

Table 10: Chemical Employment on Teesside 1971-77

Employment Exchange Area	1971			1972			1973		
	M	F	T	M	F	T	M	F	T
Billingham	15,395	1,914	17,309	13,456	1,652	15,108	11,693	1,446	13,139
Eston (South Bank)	13,023	802	13,825	11,822	731	12,553	11,464	719	12,183
Guisborough	0	0	0	0	0	0	0	0	0
Hartlepool (inc. Headland)	630	76	706	613	71	634	629	68	697
Loftus	0	0	0	0	0	0	0	0	0
Middlesbrough (inc. Stokesley)	180	32	212	179	17	196	209	16	225
Redcar	10	2	12	9	1	10	11	2	13
Saltburn	27	2	29	110	5	115	153	7	160
(Stockton and Thornaby included in Billingham)							1,272	146	1,418
TOTAL	29,265	2,828	32,093	26,189	2,482	28,671	25,431	2,404	27,835

Employment Exchange Area	1974			1975			1976			1977		
	M	F	T	M	F	T	M	F	T	M	F	T
Billingham	11,799	1,830	13,179	11,026	1,196	12,222	10,835	1,147	11,982	10,979	1,158	12,
Eston (South)	8,831	725	9,556	9,883	1,030	10,913	10,011	1,011	11,012	9,896	1,005	10,
Guisborough	0	0	0	0	0	0	15	10	25	15	10	
Hartlepool (inc. Headland)	655	71	726	709	66	775	692	106	798	660	82	
Loftus	0	0	0	0	0	0	4	4	6	6	2	
Middlesbrough (inc. Stokesley)	246	22	268	190	22	212	239	30	269	222	26	
Redcar	10	2	19	19	3	22	20	6	24	13	3	
Saltburn and Thornaby included in Billingham	769	122	891	787	150	937	807	165	972	831	194	1,
Total	22,558	2,333	24,891	22,759	2,478	25,237	22,625	2,519	25,273	22,625	2,749	25,

Note: 'Chemicals' is here defined as SIC Order Group V: unfortunately disaggregation to MLH's fails to distinguish between heavy inorganic and organics, an important distinction on Teesside. Both are included under MLH 271.

Source: Department of Employment (unpublished) Cited in Hudson 1981

Table 11: Regional Development Grants (£,000's) Received by Selected Chemical Companies in Teesside, 1974-8

<u>Company</u>	<u>Location</u>	1974 <sup>1</sup>	1975	1976	1977	1978
British Chrome and Chemicals Co. Ltd.	Stockton	130	70	206	310	247
B. P. Trading Ltd.	Middlebrough		2,749	2,510	2,58	3,346
British Titan Products Ltd.	Hartlepool		73		539	1,462
	Greatham		68	71	388	3,286
Cleveland Potash Co. Ltd.	Saltburn	460			392	1,062
W. R. Grace Ltd.	Seal Sands					209
ICI (Fibres) Ltd	Middlebrough		106	94		95
ICI Ltd.	Billington	1,106	5,315,	4,747	2,245	9,219
	Middlebrough	802	6,172	9,991	7,017	15,064
	Port Clarence	64	38			174
	Wilton			819		571
ICI Ltd. (Petrochemicals)	Wilton				403	1,307
Monsanto Ltd.	Seal Sands		1,218	6,973	7,128	9,812
Norpipe Petroleum (UK) Ltd.	Seal Sands		3,427	2,005	4,072	1,888
Norsea Pipeline Ltd.	Seal Sands		3,316	8,387	8,334	7,269
Polyamide Intermediates Ltd.	Middlebrough		309	2,960	2,081	3,388
Rohm and Haas Ltd.	Seal Sands		326	34	99	154
Shell (UK) Ltd.	Middlebrough	139	1,551	1,104	554	387

Notes: 1 - fourth quarter data only

Source: Department of Industry Cited in Hudson (1981)

Table 12: Regional Development Grant Payments by Individual Steel Plant

1975/76	<u>RDG Investment</u>	<u>Total Investment</u>
Lackenby	2,105,000	10,125,000
Middlesbrough		
Redcar	11,926,000	59,630,000
Hartlepool	668, 000	
1976/77		
Middlesbrough	9,742,000	48,710,000
Lackenby		
Cleveland		
Redcar	18,949,000	94,745,000
1977/78		
Middlesbrough	6,114,000	30,570,000
Lackenby		
Cleveland		
Redcar	12,320,000	61,600,000
Stockton	27,000	
1978/79		
Middlesbrough	5,844,000	29,220 000
Redcar	9,305,000	46,525,000

Source: Cleveland County Council, 1982

Table 13: BSC Closures in the UK 1977-1979

	Work Closures	Lost job Opportunities	Redundancies
1977			
April	Grimesthorpe foundry	300	60
May	Mossend construction works	230	200
May	Cleveland burden handling works	570	40
June	Britannia constuction works	270	150
June	Teesside engineering works	320	210
June	Hartlepool sinter and ore plants	240	140
September	Cleveland coke ovens	490	50
September	Ebbw Vale hot strip mill	650	450
October	Clyde iron works	450	430
October	Clydebridge open hearth furnaces	350	320
October	Stockbridge rod and bar mill	230	40
December	Hartlepool iron andf steelmaking and primary rolling	1,670	1,310
1978			
January	Llanwern spiral weld pipe mill	220	130
February	Clyde iron coke works	320	310
March	Llandore ingot mould plant	210	200
April	Dalzell open hearth plant	250	210
May	East Moors works	3,250	2,820
June	Shelton works	1,330	1,330
August	Ebbw Vale open hearth steelmaking and rolling	2,250	1,520
October	Treorchy construction works	300	290
November	Glenarnock works	720	680
December	Clydesdale forge	210	70
1979			
January	Irlam rod mill	410	410
May	Bilston works	1,900	1,300
July	River Don works (manning cuts)	400	350
August	Orb works (cuts)	200	200

Plus 84 other closures each with less than 200  
job losses

TOTAL

Source: Financial Times 23.8.79

Table 14: Employment Changes by Plant in BSC (in Cleveland)

<u>Plant</u>	<u>Employment</u>			
	1965	1971	1976	1977
BSC South Teesside (South Bank)	9296	2937	9944	9831
South Bank	5110	3919	5191	4815
Cargo Fleet	4417	1875	1063	960
Ayrton Street	569	302		
Skinningrove	2487	2366	1140	1070
Total Employment:	21879	17699	17311	16676

Source: Cleveland Establishment Data Bank



Table 15: Reclamation of Derelict Land in Cleveland 1974-78

<u>District</u>	<u>Derelict Land 1974/5</u>	<u>1974/5</u>	<u>Land reclaimed</u>			<u>TOTAL</u>
			<u>1975/6</u>	<u>1976/7</u>	<u>1977/8</u>	
Hartlepool	73	1(0)	1(0)	5(2)	3(0)	10(2)
Stockton	336	2(0)	17(0)	38(32)	0(0)	57(32)
Langbaurch	515	6(0)	58(0)	31(30)	123(79)	218(109)
Middlebrough	86	0(0)	0(0)	53(0)	0(0)	53(0)
Cleveland	1010	9(0)	76(0)	127(64)	126(79)	338(143)

Source: Derelict land returns to D.O.E., Cleveland, 1974-78

Note: ()refers to land reclaimed by agencies other than the local authorities

Table 16: Grant Aid to Local Authorities in Cleveland From the EEC  
Regional Development Fund (1980)

A. Project receiving Regional Development Fund Aid

Project	Responsible Authority
Northern Route Phases 1A and 1B - construction	Cleveland C.C.
Graythorp Bridge - construction	Cleveland C.C.
Seal Sands Emergency Access Road - construction	Cleveland C.C.
Mandale Triangle and Bon Lea Industrial Site Thornaby - infrastructure for future industrial development	Stockton-on-Tees B.C.
Bolckow Road Industrial Estate, Grangetown, Phrase 1 and 2 - infrastructure for future industrial development	Langbaugh B.C.
Nelson Street Industrial Estate, South Bank, Phrase 1 and 2 - infrastructure for future industrial development	Langbaugh B.C.
Cannon Park Industrial Estate, Middlebrough - infrastructure for future industrial development	Middlebrough B.C.
James Street Industrial Estate, Middlebrough - infrastructure	Middlebrough B.C.
Letitia Street Industrial Estate, Middlebrough - infrastructure	Middlesbrough B.C.
Riverside Park Industrial Estate, Middlebrough, Stage 1 - infrastructure	Middlebrough B.C.
Preston Farm Industrial Estate, Eaglescliffe - infrastructure	Stockton-on-Tees B.C.
Wolviston Back Lane - construction	Cleveland C.C.

TOTAL COST OF CATEGORY A PROJECT

B.                   Projects awaiting decision in Brussels

Provision of basic infrastructure for future industrial development:	<u>Responsible Authority</u>
--	------------------------------

Belle Vue Way, Hartlepool	Hartlepool B.C.
---------------------------	-----------------

Powlett Road, Hartlepool	Hartlepool B.C.
--------------------------	-----------------

Bolckow Road Industrial Estate, Grangeton Phase 3	Langbaurgh B.C.
--	-----------------

Newport South Industrial Estate, Middlebrough	Middlebrough B.C.
--	-------------------

Provision of roads and sewers at local services site, Coulby Newham	Middlebrough B.C.
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Riverside Park Industrial Estate, Stages 2 and 3 - infrastructure	Middlebrough B.C.
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TOTAL COST OF CATEGORY B PROJECTS

C.     Project recently submitted

	<u>Responsible Authority</u>
Creatham Creek Bridge	Cleveland C.C.
Hart By-Pass - construction	Cleveland C.C.
A178 Improvement, Hartlepool - construction	Cleveland C.C.
Northern Route phase 1B stage 3 - completion of interchange	Cleveland C.C.
Portrack Lane Phases 1 and 2 - improvement	Cleveland C.C.
Haverton Hill/Seal Sands Link - construction	Cleveland C.C.
A179 Hart Lane - improvement	Cleveland C.C.
A1049 East of Hart - improvement	Cleveland C.C.
Carlin How By-Pass - construction	Cleveland C.C.
Guisborough By-Pass - construction	Cleveland C.C.
Provision of basic infrastructure for future industrial development in Hartlepool:	
Graythorp	Hartlepool B.C.
Longhill	Hartlepool B.C.
Greenland Road West	Hartlepool B.C.

TOTAL COST OF CATEGORY C PROJECTS

TOTAL COST OF PROJECTS

Source: Cleveland County Council (1980)

Table 17: Employment Growth on Industrial Estates 1972-77

Industrial estates in the Borough of Hartlepool are excluded from the analysis owing to the fact that they were not included in the 1972 survey.

	<u>1972</u>	<u>1977</u>	<u>net growth</u> <u>'72 - '77</u>
Skipper's Lane Industrial Estate	1,364	2,260	896
Portrack Lane Industrial Estate	723	1,436	713
Cowpen Lane Industrial Estate	1,694	4,202	2,508
Eaglescliffe Industrial Estate	503	1,482	979
Bowesfield Industrial Estate	204	896	692
East Middlesborough Industrial Estate	4,460	4,863	403
Old Airfield, Thornaby	1,377	1,853	476
Longbeck Trading Estate, Marske <sup>‡</sup>	485	716	231
Skelton Industrial Estate	536	642	106
Trunk Road Trading Estate, Dormanstown	599	624	25
Bon Lea Trading Estate, Thornby	86	422	336
Teeside Industrial Estate, Thornby	979	1,017	38
Ross Road, Portrack	775	965	190
North Tees and Gunsite	579	856	277
Portrack Grange	530	425	-105
Leeholme Road, Billingham	999	694	-305
	<u>15,893</u>	<u>23,353</u>	<u>7,460</u>

<sup>‡</sup> The 1977 survey includes firms which existed in 1972 but were not surveyed.

Source: CCC 'Industrial Survey' 1977

Table 18: Employment Change in Industrial Estates in Cleveland

<u>Industrial Estate,</u>	<u>Employment 1965</u>			<u>Employment 1971</u>			<u>Employment 1977</u>		
	Males	Females	Total	Males	Females	Total	Males	Females	Total
Teesside	72	143	215	653	313	966	863	166	1176
Trading Estate Hartlepool	905	2563	3468	1238	2816	4054	1198	1436	2634
North Tees	132	450	582	126	286	412	86	220	306
Eaglescliffe				115	56	171	195	364	559
Longbeck (Marske)	87	147	234	88	27	115	116	46	162
Skelton	54	245	299	157	336	493	269	543	808
Portrack Lane (Stockton)	29	33	62	31	35	66	48	66	114
Hartlepool I.E.	127	338	465	159	266	425	183	387	570
Skippers Lane				190	33	223	261	44	305
Bowersdale (Stockton)	74	7	81	61	6	67	44	4	48
East Middlesbrough	104	618	722	34	660	694	12	416	428
Skerne Road			48			79			46
	1584	4492	6176	2852	4913	7765	3275	3881	7156

Source: Cleveland Establishment Data Bank

Table 19

Employment Forecasts for Cleveland, 1980

SECTOR/YEAR	1981	1983	1986	1991	1996
PRIMARY	1,700	1,700	1,700	1,700	1,700
Chemicals & Oil	23,600	22,100	21,450	20,550	19,500
Metal Manufacturing	16,950	15,700	15,200	15,200	15,200
Mechanical Engineering and Shipbuilding	10,450	9,450	8,100	7,000	6,900
Other Manufacturing	25,450	24,450	25,200	26,500	27,800
ALL MANUFACTURING	76,450	71,700	69,950	69,250	69,400
CONSTRUCTION	16,350	14,750	15,750	16,250	16,250
Public Utilities, Transport and Communications	14,300	13,600	14,150	14,150	14,150
Distributive Trades	25,700	26,550	26,850	27,350	27,800
Financial and Professional (Business) Services	9,850	8,850	9,600	10,900	11,450
Other Professional Services (Education and Health)	27,900	26,400	26,200	26,400	28,100
Miscellaneous Services	21,750	20,500	22,400	23,550	24,700
Public Administration	12,700	12,300	12,300	12,300	12,300
ALL SERVICES	112,200	108,200	111,500	114,650	118,500
ALL EMPLOYERS	206,700	196,350	198,900	201,850	205,850

Source Cleveland County Council, Annual Monitoring Report, 1980

Table 20: 1965 Forecast of Employment in Teesside, 1991 (000's)

Teessplan Ind. Group	Nos Empolyed		Change	% of Total	
	1965	1991		1965	1991
1 Chemicals	33.1	36.6	+ 3.5	16.6	11.4
2 Metals	30.6	22.0	- 8.6	15.3	6.8
3 Engineering & Shipbuilding	15.7	14.9	- 0.8	7.9	4.7
4 Other Manufact.	17.3	74.2	+56.9	8.7	23.2
5 Retailing	21.6	41.0	+19.4	10.8	12.8
6 Central Service	20.9	40.4	+19.5	10.5	12.6
7 Non Personnel Service	37.4	53.8	+16.4	18.7	16.8
8 Health & Education	16.8	31.6	+14.8	8.4	9.8
9 Agrilculture & Expenditure	4.2	2.0	- 2.2	2.1	0.6
Total (Rounded)	2000.0	321.1	+121.1		

Source: Teesside Survey and Plan, Vol. 2, p 71, (1969)



Table 20a: Changes in employment in Teesside, 1965-91: Service Employment  
(000's)

Teesplan Industrial Group	Insured Employees 1965	Forecast	Range 1991
5 Retailing	16.2	41.0	35.7 - 41.0
61 Finance	2.3	4.5	4.0 - 5.1
62 Public Admin	6.4	11.8	11.6 - 11.9
63 Low Accountary	1.3	5.3	4.2 - 6.3
64 Recreation Catering	6.8	13.4	11.7 - 13.6
65 Miscellaneous Service	1.8	3.5	3.1 - 3.8
72 Utilities	3.3	4.4	4.1 - 4.7
73 Railways	2.5	2.2	2.0 - 2.5
74 Road Transport	4.4	7.5	7.4 - 7.6
76 Sea Transport	2.4	1.9	1.7 - 2.0
77 Wholesale Distribution	3.8	5.8	5.0 - 6.4
78 Laundries	3.3	6.4	5.6 - 6.2
81 Education	9.2	17.9	17.9 - 17.9
82 Medical Service	6.9	12.0	11.7 - 12.3
82 Domestic Service	0.8	0.8	0.8 - 0.8
	99.1	163.8	

Source: Teesside Survey and Plan Vol 2: Analysis Part 1 Chapter 6, p 69 (1969)

Table 21: Employment Forecasts for Cleveland, 1980

SECTOR/YEAR	1981	1983	1986	1991	1996
PRIMARY	1,700	1,700	1,700	1,700	1,700
Chemicals & Oil	23,600	22,100	21,450	20,550	19,500
Metal Manufacturing	16,950	15,700	15,200	15,200	15,200
Mechanical Engineering and Shipbuilding	10,450	9,450	8,100	7,000	6,900
Other Manufacturing	25,450	24,450	25,200	26,500	27,800
ALL MANUFACTURING	76,450	71,700	69,950	69,250	69,400
CONSTRUCTION	16,350	14,750	15,750	16,250	16,250
Public Utilities, Transport and Communications	14,300	13,600	14,150	14,150	14,150
Distributive Trades	25,700	26,550	26,850	27,350	27,800
Financial and Professional (Business) Services	9,850	8,850	9,600	10,900	11,450
Other Professional Services (Education and Health)	27,900	26,400	26,200	26,400	28,100
Miscellaneous Services	21,750	20,500	22,400	23,550	24,700
Public Administration	12,700	12,300	12,300	12,300	12,300
ALL SERVICES	112,200	108,200	111,500	114,650	118,500
ALL EMPLOYERS	206,700	196,350	198,900	201,850	205,850

Source Cleveland County Council, Annual Monitoring Report, 1980

Table 22: Employment Change 1961-1977

Middlesbrough Employment Exchange Area

<u>SIC</u> <u>ORDER</u>	<u>1961</u>	<u>1966</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
XX Construction	5,332	5,996	6,324	8,407	9,358	7,837	7,996	8,663	8,301
XXI Gas, Electricity and Water	959	1,141	1,163	930	860	455	376	455	374
XXII Transport and Communications	5,920	5,243	6,551	6,396	6,577	5,446	6,313	5,449	5,435
XXIII Distributive Trades	11,359	10,354	9,796	9,302	9,647	9,631	9,563	9,431	9,244
XXIV Insurance, Banking, Finance and Business Services	955	1,260	1,917	2,019	2,236	2,389	2,355	2,347	2,600
XXV Professional and Scientific	7,099	9,158	17,497	18,649	20,055	N/A	22,720	15,816	13,017
XXVI Miscellaneous	5,476	6,089	6,874	7,568	7,995	5,815	7,550	8,369	9,002
XXVII Public Admin and Defence.	2,515	2,821	3,895	5,077	5,503	N/A	6,404	5,503	5,409

Source: Cleveland County Council, Annual Monitoring Report, 1980.

Table 23: RDG Received and Net Jobs Lost in ICI and BSC,  
Cleveland, 31.3.76 to 31.3.79

	1 Employ- ment 31.3.76 (a) in Cleveland	2 Employ- ment 31.3.79 (a) in Cleveland	3 1-2	4 RDG received 31.3.76- 31.3.79 (b)	5 Jobs Lost per £100,000 of RDG paid
ICI	16530	15341	2070	55,943,000	37.00
BSC	29487	18500	3883	65,043,000	59.69

Sources: (a) Figures from the companies concerned.

(b) Trade and Industry, Dept of Industry.

Table 23a:

## Capital Investment in Major Industrial Projects

Cleveland County 1974 - 1981

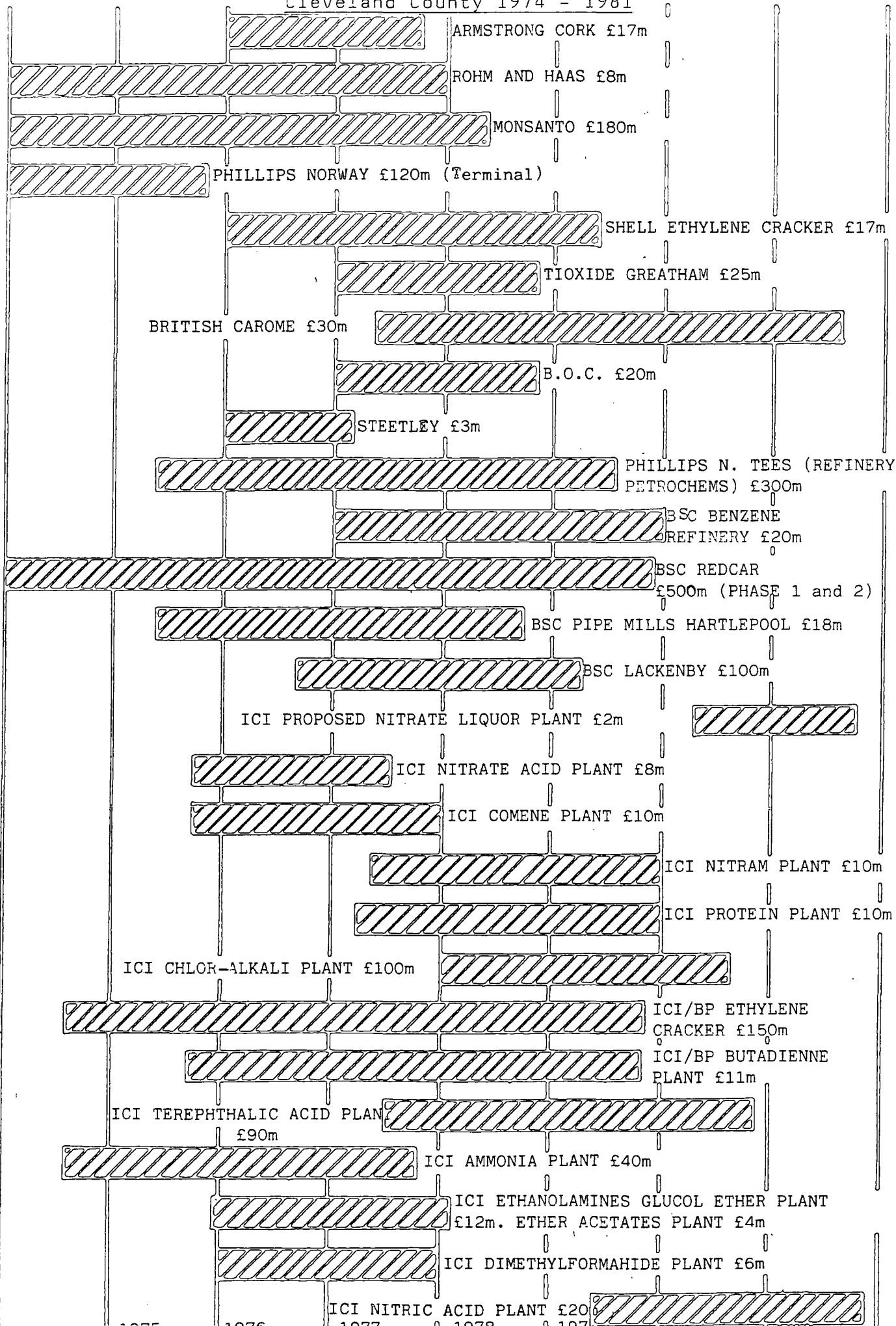
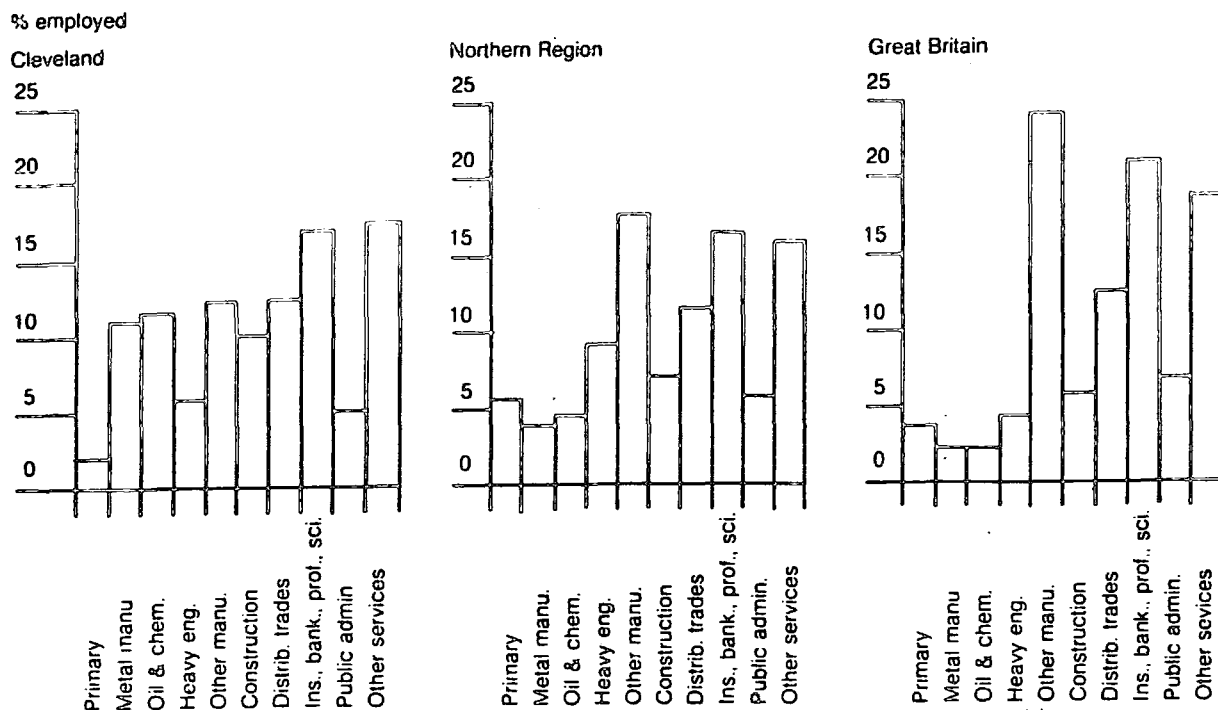


TABLE 24 EMPLOYMENT STRUCTURE AND UNEMPLOYMENT TRENDS IN CLEVELAND

A comparison of employment structure : Cleveland, Northern Region, Great Britain : 1977



Unemployment Rates : November 1971 — October 1980

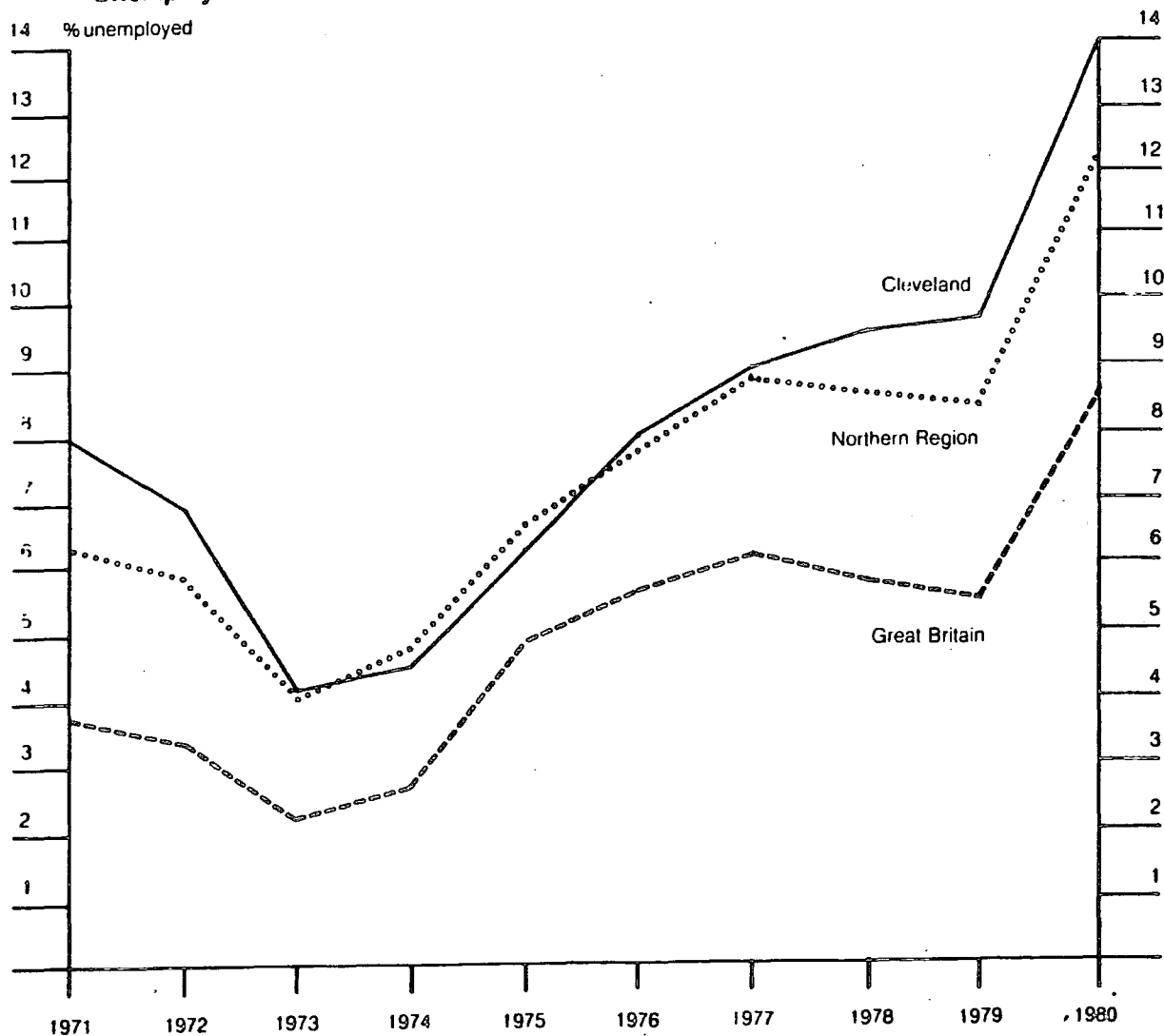


Table 25: Employment Change in Cleveland

SECTOR	1977 (2)	1979 (3)	1980 (4)
PRIMARY	2,295	2,400	2,350
Chemicals & Oil	26,832	26,000	24,950
Metal Manufacturing	27,022	22,500	19,400
Mechanical Engineering and Shipbuilding	15,724	12,600	11,600
Other Manufacturing (1)	29,418	27,500	26,800
ALL MANUFACTURING	98,996	88,600	82,750
CONSTRUCTION	25,317	20,000	17,200
Public Utilities, Transport and Communications	15,710	15,250	14,950
Distributive Trades	25,358	25,800	25,700
Financial & Professional (Business) Services	9,224	10,300	10,350
OTHER PROFESSIONAL SERVICES (Health and Education)	28,166	30,700	28,700
Miscellaneous Services	23,399	23,800	23,400
Public Administration	13,346	13,500	13,100
- ALL SERVICES	155,183	119,350	116,200
ALL EMPLOYEES	241,791	230,350	218,500

- Notes:
1. Excludes MLH 411 (Man made fibres) which is included in 'Chemicals & Oil'
  2. Annual Census of Employment: 1977, Department of Employment
  3. Cleveland County Council Estimates : November 1979 (revised)
  4. Cleveland County Council Estimates : November 1980

Source: Cleveland County Council, Annual Monitoring Report, 1980

Table 26: Occupations of Different Groups of Cleveland Male Workers

	All Cleveland Male Residents	'Inner Area' Male Residents who work in the 'Search Area'	All Cleveland Male Resident Working in the 'Search Area'
Gas, coke, chemicals, glass and ceramics	5.3	4.6	8.6
Furnace, forge, foundry, rolling mill, electrical & allied	30.1	30.1	33.2
Textiles, clothing, food, drink, paper, plastics, rubber, etc.	2.4	2.3	1.1
Woodworkers, printers, decorators, construction workers	11.5	13.3	10.5
Labourers, transport, comm'n, warehousemen, storekeepers, packers	17.7	31.2	17.3
Clerical workers	5.6	4.6	5.7
Sales workers	4.4	2.9	2.5
Service, sport and recreation	4.4	3.5	3.9
Administrators, managers, professional, technical, etc.	17.5	7.5	16.9
Other	1.1	-	0.3
	100	100	100

Source: Cleveland Household Survey, 1978